



FINANCIAL STATEMENTS

Year Ended December 31, 2005

With Report of

Certified Public Accountants



KEMP BURDICK

KEMP BURDICK HINTON & HALL L.C.

CPA'S & ADVISORS

WASHINGTON COUNTY

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WASHINGTON COUNTY

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FINANCIAL SECTION

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KEMP BURDICK

KEMP BURDICK HINTON & HALL LC

CPA'S & ADVISORS

Independent Auditors' Report

The Honorable County Commissioners
Washington County
St. George, Utah

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT COX
BRENT R. HALL
KENNETH A. HINTON
GREGORY A. KEMP
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washington County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following component units, Southwest Utah Public Health Department, Northwestern Special Service District and Rockville/Springdale Fire Protection District, which statements reflect total assets of \$4,107,030 as of December 31, 2005 and total revenues of \$9,524,783 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the previously noted component units in the component unit columns, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2006, on our consideration of Washington County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 to 9 and budgetary comparison information on pages 46 to 53, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and the other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Washington County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
August 9, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Washington County's financial performance and provides an overview of the County's activities for the year ending December 31, 2005. This report is in conjunction with the County's financial statements that follow this section.

HISTORY AND BACKGROUND OF WASHINGTON COUNTY

Washington County was created in 1856 shortly after pioneers settled here in the early 1850's. It has been known as Utah's Dixie because of mild winter weather and the fact that cotton was raised here in the early days of its existence. Not a lot of growth took place for the first 100 years. In the mid 1960's the county's population was about 10,000. Today, it is over 125,000. The population has nearly doubled each of the last three decades! Championship golf, tennis, outdoor sports events, walking and biking trails, snow-free winters and year long low humidity all make living here attractive.

The purpose of the County is to provide general services to its residents which include general government, judicial, public safety, health and sanitation, conservation and economic development, culture, and public works. Additional services provided to residents in the unincorporated areas include road maintenance, building, planning, and zoning issues, plus fire control.

FINANCIAL HIGHLIGHTS

- Current Economic Conditions. Washington County has continued to be the highest growth county in the state. Population has grown approximately 10% this past year.
- Sales tax revenues have grown this year by 19.9 % which includes growth and inflation.
- Restaurant and Transient Room Taxes have grown by 14.2 %.
- As compared to the State and the national rate, the County's 2004 unemployment rate has remained low at 3.4%. The County and the State both have one of the best labor and business climates in the western United States. Job growth rate continues to climb at 4.7%.
- Projections are that the County will continue to experience a healthy new growth factor and this in turn will increase resources and revenues to the County. Recent studies show the St. George Metropolitan area as one of the fastest growing in the United States.
- During 2005 the County issued \$9.766 million in Special Assessment Bonds for constructing the Dixie Springs SID. The project was approximately 30% complete at December 31, 2005. Once completed the improvements will be deeded to Hurricane City.
- During 2005 the County's General Fund balance increased from \$7,996,639 to \$8,136,742. This increase came largely due our positive growth factor. Because of this positive effect, the General Fund balances are reserved or designated for future capital project needs.
- Total assets exceed total liabilities (net assets) by \$64.7 million at the close of the fiscal year.
- Total net assets increased by \$5.1 million.
- Total revenues from all sources, including component units, were \$75.3 million.
- The total cost of all County programs, including component units, was \$70.2 million

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the County as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. (3) Notes to the financial statements.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

The government-wide financial statements are designed to provide readers with a broad overview of Washington County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Washington County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Washington County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave or personal time off).

Both of the government-wide financial statements distinguish functions of Washington County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Washington County include general government, judicial, public safety, health and sanitation, culture, conservation and economic development, and public works.

The government-wide financial statements include not only Washington County itself (known as the primary government, but also many legally separate special districts for which Washington County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Washington County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Washington County can be divided into two major types of funds, governmental and proprietary. These two types of funds use different accounting approaches as explained below.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Washington County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, habitat conservation fund, and capital projects fund all of which are considered to be major funds. Data from the other seven Governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual budget-to-actual reports.

Washington County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the governmental fund financial statements.

Proprietary Funds

All of Washington County's proprietary funds are in the form of component units. Each of the component units of the county prepare their own financial statements but are summarized in Washington County's presentation because of their financial accountability. The basic, but not the only, criterion for including a component unit within the reporting entity is whether or not the County exercises significant influence over the component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Washington County.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for certain amounts held on behalf of developers, donations for a specific purpose and others. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The County is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the County's other financial statements because the assets cannot be used to finance operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net assets may serve over time as a useful indicator of an entity's financial position. In the case of Washington County, assets exceeded liabilities by \$64.7 million at the close of the most recent fiscal year. This is a 11.3% increase over the previous year which indicates Washington County is not only keeping up with inflation but adding to its growth.

A portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any outstanding debt used to acquire those assets that is still outstanding. Washington County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Washington County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

Washington County Statement of Net Assets

	Governmental Activities		Component Unit Activities	
	2005	2004	2005	2004
Current and other assets	\$ 50,539,084	\$ 32,007,169	\$ 21,120,110	\$ 17,985,073
Capital assets	52,474,753	49,706,309	19,303,436	18,449,587
Total assets	103,013,837	81,713,478	40,423,546	36,434,660
Long-term liabilities outstanding	51,868,964	44,767,058	7,661,278	6,924,059
Other liabilities	17,956,713	5,752,838	1,248,793	1,075,369
Total liabilities	69,825,677	50,519,896	8,910,071	7,999,428
Net assets:				
Invested in capital assets, net				
of related debt	4,163,154	9,456,396	14,534,824	13,595,453
Restricted	20,778,319	14,247,716	8,306,044	6,899,326
Unrestricted	8,246,687	7,489,470	8,672,607	7,940,453
Total net assets	\$ 33,188,160	\$ 31,193,582	\$ 31,513,475	\$ 28,435,232

Governmental Activities

The cost of all Governmental activities this year was \$70.2 million. As shown on the Statement of Activities on the following page, \$21.7 million of this cost was paid for by those who directly benefited from the programs; \$28.4 million was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$50.1 million. General taxes and investment earnings totaled \$25.2 million.

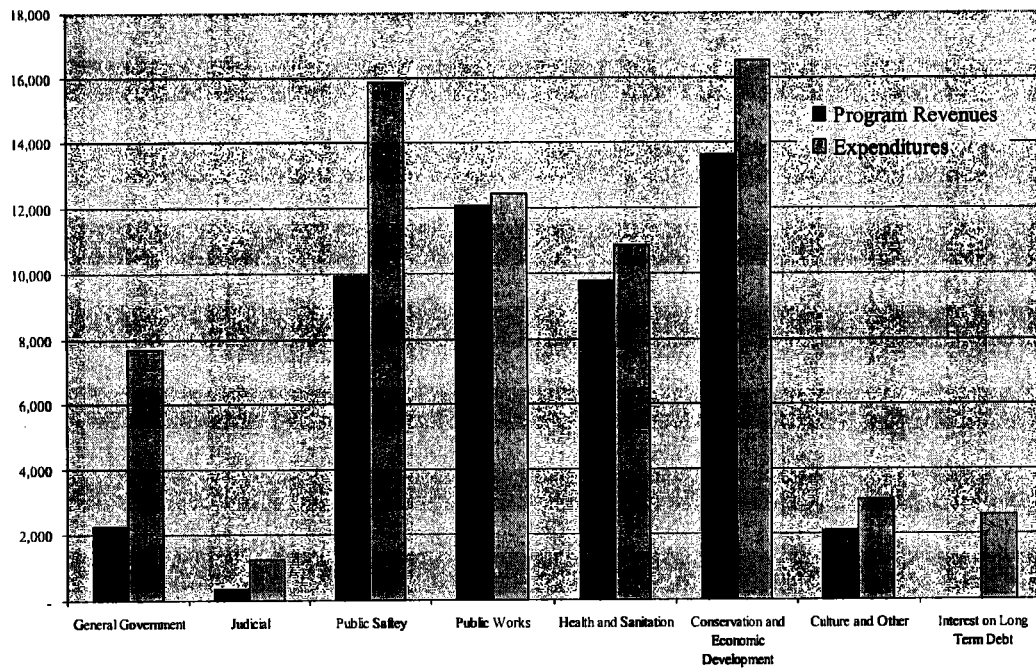
The County's programs include: General Government, Judicial, Public Safety, Public Works, Health and Sanitation, Conservation and Economic Development, and Culture. Each program's revenues and expenditures are presented below.

Washington County				
Changes in Net Assets				
	Governmental		Component Unit	
	Activities		Activities	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Program revenues:				
Charges for services	\$ 10,821,934	\$ 9,288,980	\$ 10,886,616	\$ 9,607,212
Operating grants and contributions	3,970,883	3,892,304	7,286,692	6,986,077
Capital grants and contributions	14,838,221	1,506,599	2,344,941	1,581,838
General revenues:				
Taxes	23,251,515	20,447,747	482,817	459,998
Other	858,230	307,858	608,272	324,928
Total revenues	<u>53,740,783</u>	<u>35,443,488</u>	<u>21,609,338</u>	<u>18,960,053</u>
Expenses:				
General government	7,695,650	7,587,606	-	-
Judicial	1,242,540	1,334,151	-	-
Public safety	14,931,518	12,885,473	916,769	678,367
Public works	3,790,380	3,461,307	8,644,316	7,878,538
Health and sanitation	1,884,684	1,313,028	8,970,010	8,357,377
Conservation and economic development	16,539,303	3,772,080	-	-
Culture and other	3,061,004	2,392,937	-	-
Interest on long term debt	2,601,124	1,944,052	-	-
Total expenses	<u>51,746,203</u>	<u>34,690,634</u>	<u>18,531,095</u>	<u>16,914,282</u>
Increase in net assets	1,994,580	752,854	3,078,243	2,045,771
Net assets, beginning	31,193,580	31,232,387	28,435,232	26,389,461
Prior period adjustment	-	(791,659)	-	-
Net assets, ending	<u>\$ 33,188,160</u>	<u>\$ 31,193,582</u>	<u>\$ 31,513,475</u>	<u>\$ 28,435,232</u>

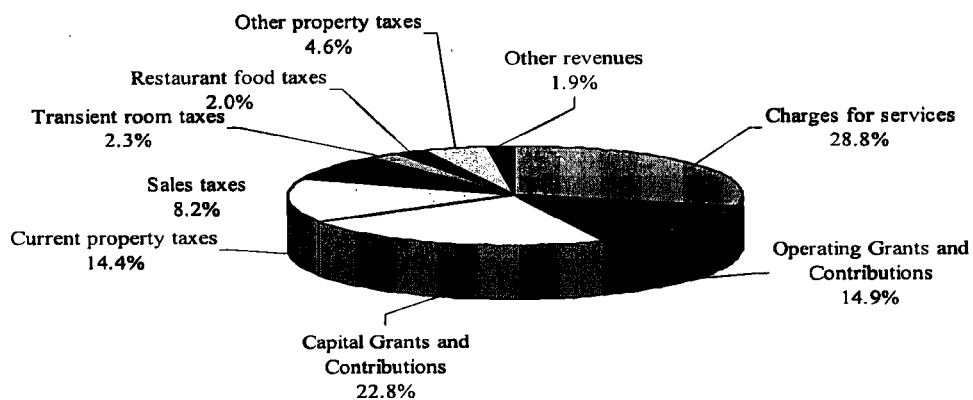
Total resources available during the year to finance operations were \$134.9 million consisting of Net assets at December 31, 2004 of \$59.6 million, program revenues of \$50.1 million and General Revenues of \$25.2 million. Total Governmental and Component Unit Activities during the year were \$70.2 million; thus Net Assets were increased by \$5.1 million to \$64.7 million.

The following graphs compare program revenues with program expenditures and provide a breakdown of revenues by source for governmental activities:

Program Revenues and Expenditures - Governmental Activities
(in Thousands)



Revenue By Source - Governmental Activities



General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$809,945 greater than actual expenditures. The budget to actual variance in appropriations was principally due to estimates of anticipated expenditures for miscellaneous services and supplies which carried over to the next fiscal year. Actual revenues were greater than the final budget by \$61,158 mainly due to actual property tax and sales taxes received which were greater than the budgeted revenue and less Class "B" Road revenue received than anticipated. Budget amendments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the County are those assets that are used in performance of County functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2005, net capital assets of the government activities totaled \$52.5 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 7 to the financial statements.)

Debt

At year-end, the County had \$54,612,964 in governmental type debt. The debt is a liability of the government and amounts to approximately \$436.90 per capita. During the current fiscal year, the County's total debt increased by \$7,991,906. (See note 9 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The County uses a conservative approach during our budgeting process with the purpose to maintain a healthy fund balance. Operations are reviewed monthly to insure that the budget projections are staying on course. The goal for the 2005 fund balance is to maintain the fund balance at its present level. With positive growth this past year, the Board proposed to budget one half of the growth of 2005 to cover some of our 2006 budget needs. The other half is to remain in the Fund Balance to secure a stronger financial position for the County. A comment is made concerning the heavy flooding and numerous wildfires this past year. Federal Grants and State of Utah assistance made it possible for the County to take care of the financial burdens with little impact to the Fund Balance of Washington County. Much effort plus the great response of in-kind donations greatly assisted in meeting this unexpected disaster. The County has strongly maintained that no tax increases are to occur in the County without public approval. Budgets are closely monitored by Administration.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Washington County Auditor at 197 East Tabernacle, St. George, UT 84770

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BASIC FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Assets
December 31, 2005

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
Assets		
Cash and investments	\$ 3,454,787	\$ 11,105,558
Receivables (net of allowance for uncollectibles)	20,642,001	1,646,123
Prepaid assets	28,323	47,917
Deferred charges	235,147	6,592
Restricted cash and investments	21,088,726	8,313,920
Note receivable	5,090,100	-
Capital assets not being depreciated	1,635,633	5,916,615
Capital assets being depreciated, net of accumulated depreciation	<u>50,839,120</u>	<u>13,386,821</u>
Total assets	<u>103,013,837</u>	<u>40,423,546</u>
Liabilities		
Accounts payable and other current liabilities	2,896,448	1,024,911
Unearned revenue	11,597,562	-
Accrued interest payable	718,703	20,134
Noncurrent liabilities:		
Due within one year	2,744,000	203,748
Due in more than one year	<u>51,868,964</u>	<u>7,661,278</u>
Total liabilities	<u>69,825,677</u>	<u>8,910,071</u>
Net Assets		
Invested in capital assets, net of related debt	4,163,154	14,534,824
Restricted for:		
Capital projects	6,436,600	-
Class "B" roads	296,184	-
Debt Service	8,748,783	-
Other purposes	5,296,752	8,306,044
Unrestricted	<u>8,246,687</u>	<u>8,672,607</u>
Total net assets	<u>\$ 33,188,160</u>	<u>\$ 31,513,475</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Activities
For the Year Ended December 31, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units
Primary government:						
Governmental activities:						
General government	\$ 7,695,650	\$ 2,111,868	\$ 157,348	\$ -	\$ (5,426,434)	
Judicial	1,242,540	28,784	327,024	-	(886,732)	
Public safety	14,931,518	5,334,500	2,241,017	1,825,021	(5,530,980)	
Public works	3,790,380	199,856	868,220	31,710	(2,690,594)	
Health and sanitation	1,884,684	505,946	281,478	-	(1,097,260)	
Conservation & economic development	16,539,303	529,954	95,796	12,981,490	(2,932,063)	
Culture and other	3,061,004	2,111,026	-	-	(949,978)	
Interest on long-term debt	2,601,124	-	-	-	(2,601,124)	
Total governmental activities	51,746,203	10,821,934	3,970,883	14,838,221	(22,115,165)	
Total primary government	\$ 51,746,203	\$ 10,821,934	\$ 3,970,883	\$ 14,838,221	\$ (22,115,165)	
Component units:						
Public safety	916,769	409,722	24,873	112,830	-	(369,344)
Public works	8,644,316	8,731,515	-	2,232,111	-	2,319,310
Health and sanitation	8,970,010	1,745,379	7,261,819	-	-	37,188
Total component units	\$ 18,531,095	\$ 10,886,616	\$ 7,286,692	\$ 2,344,941	\$ -	\$ 1,987,154
General revenues:						
Current property taxes					10,502,442	368,599
Sales taxes					6,142,588	-
Transient room taxes					1,737,358	-
Restaurant food taxes					1,498,948	-
Other property taxes					3,370,179	114,218
Unrestricted investment earnings					791,626	526,329
Gain on the sale of assets					66,604	-
Other revenues					-	81,943
Total general revenues and transfers					24,109,745	1,091,089
Change in net assets					1,994,580	3,078,243
Net assets - beginning					31,193,580	28,435,232
Net assets - ending					\$ 33,188,160	\$ 31,513,475

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Balance Sheet
Governmental Funds
December 31, 2005

	General Fund	Debt Service	Special Revenue	
			Habitat Conservation	Flood Damage
Assets				
Cash and investments	\$ 1,303,522	\$ 1,613,731	\$ -	\$ -
Property taxes receivable	2,917,455	1,140,409	-	-
Assessments receivable	-	9,893,775	-	-
Due from other governments	1,539,876	-	412,572	2,722,715
Due from other funds	3,407,713	-	-	-
Prepaid assets	28,323	-	-	-
Notes receivable	30,000	-	-	-
Restricted cash and investments	732,331	8,901,077	3,920,344	-
Total assets	\$ 9,959,220	\$ 21,548,992	\$ 4,332,916	\$ 2,722,715
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	746,527	189,401	156,478	1,146
Accrued liabilities	45,818	-	578	-
Due to other funds	1,000,133	-	-	2,715,206
Deferred revenue	30,000	11,567,562	-	-
Total liabilities	1,822,478	11,756,963	157,056	2,716,352
Fund balances:				
Reserved for:				
Class "B" roads	296,184	-	-	-
Debt service fund	-	8,748,783	-	-
Other purposes	-	-	4,175,860	6,363
Unreserved, designated for subsequent year	670,000	1,043,246	-	-
Unreserved, designated for capital projects	3,800,000	-	-	-
Unreserved, undesignated	3,370,558	-	-	-
Unreserved, undesignated, reported in nonmajor:				
Special revenue funds	-	-	-	-
Total fund balances	8,136,742	9,792,029	4,175,860	6,363
Total liabilities and fund balances	\$ 9,959,220	\$ 21,548,992	\$ 4,332,916	\$ 2,722,715

Amounts reported for governmental activities in the statement of net assets are different because:

Some receivables are not available in the current period and therefore are not reported in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of the financial statements

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 537,534	\$ 3,454,787
-	966,246	5,024,110
-	-	9,893,775
-	1,048,953	5,724,116
-	5,750	3,413,463
-	-	28,323
-	-	30,000
<u>6,905,327</u>	<u>629,647</u>	<u>21,088,726</u>
<u>\$ 6,905,327</u>	<u>\$ 3,188,130</u>	<u>\$ 48,657,300</u>

468,727	277,055	1,839,334
-	10,585	56,981
-	698,257	4,413,596
-	-	11,597,562
<u>468,727</u>	<u>985,897</u>	<u>17,907,473</u>

-	-	296,184
-	-	8,748,783
6,436,600	1,114,529	11,733,352
-	-	1,713,246
-	-	3,800,000
-	-	3,370,558
-	1,087,704	1,087,704
<u>6,436,600</u>	<u>2,202,233</u>	<u>30,749,827</u>
<u>\$ 6,905,327</u>	<u>\$ 3,188,130</u>	

5,060,100

52,474,753

(55,096,520)
\$ 33,188,160

WASHINGTON COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General Fund	Debt Service	Special Revenue	
			Habitat Conservation	Flood Damage
Revenues				
Taxes	\$ 14,163,924	\$ 2,438,142	\$ -	\$ -
Licenses and permits	26,180	-	-	-
Intergovernmental	4,286,982	-	2,060,145	12,689,200
Charges for services	2,184,703	-	-	-
Fines and forfeitures	1,470,142	-	-	-
Interest	164,319	211,561	88,694	-
Sub-lease revenue	-	-	-	-
Miscellaneous revenue	619,408	31,710	50,883	720
Total revenues	<u>22,915,658</u>	<u>2,681,413</u>	<u>2,199,722</u>	<u>12,689,920</u>
Expenditures				
Current:				
General government	7,182,641	10,964	-	-
Judicial	1,229,447	-	-	-
Public Safety	9,952,590	-	-	-
Public Works	2,618,745	-	-	-
Health and Sanitation	730,802	-	-	-
Conservation & Economic Development	157,119	-	779,864	12,683,557
Culture and other	305,961	-	-	-
Matching Funds & contributions	20,250	-	-	-
Capital outlay	-	2,903,776	-	-
Debt service:				
Principal	-	1,286,000	-	-
Interest	-	1,150,762	-	-
Total expenditures	<u>22,197,555</u>	<u>5,351,502</u>	<u>779,864</u>	<u>12,683,557</u>
Excess revenues over (under) expenditures	<u>718,103</u>	<u>(2,670,089)</u>	<u>1,419,858</u>	<u>6,363</u>
Other financing sources (uses)				
Transfers in	-	253,000	-	-
Transfers out	(578,000)	-	-	-
Bond Issue Costs	-	(187,429)	-	-
Debt proceeds	-	9,766,000	-	-
Total other financing sources and uses	<u>(578,000)</u>	<u>9,831,571</u>	<u>-</u>	<u>-</u>
Net change in fund balances	140,103	7,161,482	1,419,858	6,363
Fund balances - beginning of year	<u>7,996,639</u>	<u>2,630,547</u>	<u>2,756,002</u>	<u>-</u>
Fund balances - end of year	<u>\$ 8,136,742</u>	<u>\$ 9,792,029</u>	<u>\$ 4,175,860</u>	<u>\$ 6,363</u>

The accompanying notes are an integral part of the financial statements

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 6,571,234	\$ 23,173,300
-	278,387	304,567
-	5,050,232	24,086,559
-	532,967	2,717,670
-	61,706	1,531,848
302,034	25,018	791,626
-	554,110	554,110
-	215,273	917,994
<u>302,034</u>	<u>13,288,927</u>	<u>54,077,674</u>
-	240,244	7,433,849
-	-	1,229,447
-	4,898,274	14,850,864
-	131,623	2,750,368
-	1,043,069	1,773,871
-	2,817,481	16,438,021
-	2,567,753	2,873,714
-	-	20,250
1,685,731	-	4,589,507
-	568,000	1,854,000
-	1,002,002	2,152,764
<u>1,685,731</u>	<u>13,268,446</u>	<u>55,966,655</u>
<u>(1,383,697)</u>	<u>20,481</u>	<u>(1,888,981)</u>
-	425,000	678,000
-	(100,000)	(678,000)
-	-	(187,429)
-	-	9,766,000
<u>-</u>	<u>325,000</u>	<u>9,578,571</u>
(1,383,697)	345,481	7,689,590
<u>7,820,297</u>	<u>1,856,752</u>	<u>23,060,237</u>
<u>\$ 6,436,600</u>	<u>\$ 2,202,233</u>	<u>\$ 30,749,827</u>

WASHINGTON COUNTY
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 7,689,590
---	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,821,945
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The statement of activities only reports the loss on the sale of capital assets. In the governmental funds, only the proceeds from the sale are reported. This is the difference between the net book value of the capital assets sold and the proceeds.	(53,501)
--	----------

Sub-lease revenues reported in the funds that provide current financial resources are reported as a reduction of notes receivable in the statement of net assets.	(262,540)
---	-----------

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,724,571)
--	-------------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(476,343)</u>
---	------------------

Change in net assets of governmental activities	<u><u>\$ 1,994,580</u></u>
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The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combined Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2005

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 32,503,650
Due from other governments	-
Property taxes receivable	602,001
Due from other funds	<u>1,000,133</u>
Total Assets	<u>\$ 34,105,784</u>
Liabilities	
Deposits held in trust	\$ 2,859,709
Due to taxing districts	26,341,683
Due to Washington County General Fund	2,851,632
Due to other funds	2,052,760
Reserve for refund	<u>-</u>
Total Liabilities	<u>\$ 34,105,784</u>
Net Assets	
Held in trust for individuals, organizations, and other governments	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2005

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Assets					
Current assets:					
Cash and investments	\$ 475,932	\$ 1,877,842	\$ 7,468,588	\$ 1,283,196	\$ 11,105,558
Property Taxes Receivable	-	-	-	-	-
Taxes Receivable	-	-	-	5,080	5,080
Due from other governments	593,388	-	-	54,327	647,715
Due from other sources	139,188	207,844	571,712	74,584	993,328
Prepaid assets	30,865	-	7,350	9,702	47,917
Total current assets	<u>1,239,373</u>	<u>2,085,686</u>	<u>8,047,650</u>	<u>1,426,889</u>	<u>12,799,598</u>
Noncurrent assets:					
Deferred charges	-	-	-	6,592	6,592
Restricted cash and investments	-	3,342,936	4,545,736	425,248	8,313,920
Capital assets not being depreciated	-	5,296,995	5,000	614,620	5,916,615
Capital assets being depreciated, net of accumulated depreciation	<u>1,359,501</u>	<u>6,247,717</u>	<u>2,720,329</u>	<u>3,059,274</u>	<u>13,386,821</u>
Total noncurrent assets	<u>1,359,501</u>	<u>14,887,648</u>	<u>7,271,065</u>	<u>4,105,734</u>	<u>27,623,948</u>
Total assets	<u>\$ 2,598,874</u>	<u>\$ 16,973,334</u>	<u>\$ 15,318,715</u>	<u>\$ 5,532,623</u>	<u>\$ 40,423,546</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 361,047	\$ 53,481	\$ 512,462	\$ 7,133	\$ 934,123
Accrued liabilities	35,096	7,057	6,809	41,826	90,788
Compensated absences	276,967	-	4,435	-	281,402
Accrued interest payable	<u>12,258</u>	<u>-</u>	<u>-</u>	<u>7,876</u>	<u>20,134</u>
Total current liabilities	<u>685,368</u>	<u>60,538</u>	<u>523,706</u>	<u>56,835</u>	<u>1,326,447</u>
Noncurrent liabilities:					
Due within one year	49,543	118,000	-	36,205	203,748
Due in more than one year	<u>1,005,750</u>	<u>2,495,000</u>	<u>2,649,454</u>	<u>1,229,672</u>	<u>7,379,876</u>
Total noncurrent liabilities	<u>1,055,293</u>	<u>2,613,000</u>	<u>2,649,454</u>	<u>1,265,877</u>	<u>7,583,624</u>
Total liabilities	<u>1,740,661</u>	<u>2,673,538</u>	<u>3,173,160</u>	<u>1,322,712</u>	<u>8,910,071</u>
Net Assets:					
Invested in capital assets, net of related debt	306,751	8,931,712	2,725,329	2,571,032	14,534,824
Restricted	-	3,342,936	4,545,736	417,372	8,306,044
Unrestricted	<u>551,462</u>	<u>2,025,148</u>	<u>4,874,490</u>	<u>1,221,507</u>	<u>8,672,607</u>
Total net assets	<u>\$ 858,213</u>	<u>\$ 14,299,796</u>	<u>\$ 12,145,555</u>	<u>\$ 4,209,911</u>	<u>\$ 31,513,475</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2005

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Expenses:					
Public safety:					
Fire and emergency services	\$ -	\$ -	\$ -	\$ 916,769	\$ 916,769
Public works					
Sewer services	-	1,313,453	-	-	1,313,453
Solid waste services	-	-	6,977,089	-	6,977,089
Water services	-	-	-	353,774	353,774
Health and sanitation					
Health services	8,970,010	-	-	-	8,970,010
Mosquito abatement	-	-	-	-	-
Total expenses	<u>8,970,010</u>	<u>1,313,453</u>	<u>6,977,089</u>	<u>1,270,543</u>	<u>18,531,095</u>
Program revenues:					
Charges for services	1,745,379	1,446,532	7,088,559	606,146	10,886,616
Operating grants and contributions	7,261,819	-	-	24,873	7,286,692
Capital grants and contributions	-	1,875,600	-	469,341	2,344,941
Net (expense) revenue	<u>37,188</u>	<u>2,008,679</u>	<u>111,470</u>	<u>(170,183)</u>	<u>1,987,154</u>
General revenues:					
Property taxes	-	-	-	368,599	368,599
Sales taxes	-	-	-	-	-
Other taxes	-	-	-	114,218	114,218
Unrestricted investment earnings	8,581	145,396	340,193	32,159	526,329
Miscellaneous	33,150	-	-	48,793	81,943
Transfers	-	-	-	-	-
Debt Proceeds	-	-	-	-	-
Total general revenues and transfers	<u>41,731</u>	<u>145,396</u>	<u>340,193</u>	<u>563,769</u>	<u>1,091,089</u>
Change in net assets	78,919	2,154,075	451,663	393,586	3,078,243
Total net assets - beginning	<u>779,294</u>	<u>12,145,721</u>	<u>11,693,892</u>	<u>3,816,325</u>	<u>28,435,232</u>
Total net assets - ending	<u>\$ 858,213</u>	<u>\$ 14,299,796</u>	<u>\$ 12,145,555</u>	<u>\$ 4,209,911</u>	<u>\$ 31,513,475</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies

General

The County is a political subdivision of the State of Utah with a County Commission comprised of three commissioners elected at large. The financial statements of Washington County (the County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the County has included all funds, and account groups. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the County exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

The accompanying financial statements include all activities of Washington County (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the government's operations. Data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County.

The following **blended component unit** transactions are blended into the audit report issued by the County. No separate audit report is issued:

The Municipal Building Authority of Washington County, Utah (the Authority) was formally recognized by the State of Utah as a incorporated entity in 1998. The Authority was formed for the purpose of accomplishing the public purposes for which Washington County exists by acquiring, improving, or extending one or more projects and financing the cost of such projects on behalf of Washington County. The Authority is governed by a board of trustees comprised of the elected officials of Washington County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

The following **discretely presented component units** had separately issued audited financial statements:

Southwest Utah Public Health Department (Major Special Revenue Fund) - The Department provides health related services to the citizens and government units in Washington, Iron, Kane, Beaver, and Garfield counties. The department is funded by state and federal financial assistance, county contributions and charges for services. The Department issued separate audited financial statements dated May 15, 2006.

Ash Creek Special Service District (Major Enterprise Fund) - The District provides sewer service to the communities of Hurricane, LaVerkin and Toquerville and is funded mainly through user fees. The District was created by the County under the Utah Special Service District Act. The District issued separate audited financial statements April 21, 2006.

Washington County Solid Waste Special Service District No. 1 (Major Enterprise Fund) - The District provides solid waste disposal service to the residents of the various municipalities within the County and to the unincorporated areas of the County. The District is funded entirely by charges for services. The County appoints one of twenty board members and provides no financial support to the District. The district issued separate audited financial statements dated June 30, 2006.

Rockville/Springdale Fire Protection District (Non-major Enterprise Fund) - The District provides fire protection to the communities of Rockville and Springdale, Utah and is funded mainly through user fees. The District issued separate audited financial statements dated June 6, 2006.

The following **discretely presented component units** did not have separately issued audited financial statements. All of the following were created by the County under the Utah Special Service District Act:

Angell Springs Special Service District (Non-major Enterprise Fund) - The District provides water for the Angell Springs Subdivision and is funded through user fees and grants and loans.

Dixie Deer Special Service District (Non-major Enterprise Fund) - The District provides water, sewer services and fire protection to the Dixie Deer Estates and is funded through user fees.

Dammeron Valley Special Service District (Non-major Enterprise Fund) - The District provides water and other services to the community of Dammeron Valley funded through user fees and other revenues.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

Gunlock Special Service District (Non-major Enterprise Fund) - The District provides water, street lights and park services to the community of Gunlock funded through user fees and other revenues.

Leads Area Special Service District (Non-major General Fund) - The District provides fire protection to the community of Leads, Utah funded through user fees and other revenues.

New Harmony Valley Special Service District (Non-major General Fund) - The District provides fire protection to the community of New Harmony funded through user fees and other revenues.

Northwestern Special Service District (Non-major Enterprise Fund) - The District provides fire protection to the community of Veyo, Gunlock, Central and Brookside, Utah funded through user fees and other revenues.

Pine Valley Special Service District (Non-major Enterprise Fund) - The District provides water for the Pine Valley area and is funded through user fees.

Southwestern Special Service District (Non-major General Fund) - The District provides fire protection to the communities of Winchester Hills and Diamond Valley funded through user fees and other revenues.

The following component units did not have separately issued audited financial statements and are not included in these financial statements because their assets, liabilities, equity, revenues and expenses are deemed immaterial to the County as a whole. All of the following were created by the County under the Utah Special Service District Act:

Silver Reef Special Service District (Enterprise Fund) - The District provides water, garbage disposal and fire protection for the Silver Reef area funded through user fees.

A **related organization** for which the County is accountable because it appoints a voting majority of the board, but is not financially accountable based on the previously mentioned criteria is:

Washington County Water Conservancy District.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

Organizations which are considered as **jointly governed organizations** based on the criteria set forth by the GASB are as follows:

Southwest Center - the Center provides mental health and drug and alcohol services to the five counties of southwestern Utah. One of the County's commissioners serves on the center's authority board. The Center is funded through state and federal government grants and contracts, fees for services and contributions from the five counties served. In 2005, the County provided \$245,000 in funding to the Center. The County does not retain an ongoing financial interest or responsibility in the Center.

Five County Association of Governments - The Association provides various services to the various governmental and educational units in the five counties of southwestern Utah. One of the County's commissioners serves on the steering committee of the association. The Association is funded through state and federal government grants and contracts and through contributions from the participating entities. In 2005 the County contributed \$15,000 to the Association. The County does not retain an ongoing financial interest or responsibility in the Association.

Washington County/St. George Interlocal Agency (WCIA) - The Agency constructs, operates and maintains convention and regional park facilities for the County and St. George City (the City). Two of the County's commissioners serve on the Agency's governing body along with two representatives appointed by the City along with an at-large member appointed by the WCIA. The County leases the convention center and regional park facilities from the WCIA and subleases an undivided 38% interest in the convention center to the City. See Long-Term Debt footnote for additional disclosures.

Southwestern Mosquito Abatement District - The District provides mosquito abatement and control services for Washington County and the municipalities of Enterprise, Hildale, Hurricane, Ivins, LaVerkin, Leeds, New Harmony, Rockville, Santa Clara, St. George, Virgin and Washington City funded by tax revenues.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

Property taxes, room taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is used to account for all financial resources applicable to the general operations of County government which are not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

The **Habitat Conservation Plan Special Revenue Funds** accounts for revenue sources that are legally restricted to expenditure for habitat conservation and capital improvements.

The **Flood Damage Special Revenue Fund** accounts for revenue sources that are legally restricted to expenditure for flood damage and river bank improvements.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

The County's **non-major governmental funds** account for specific revenue sources that are legally restricted to expenditures for specific purposes. Non-major funds are the Municipal Services, Library, Council on Aging, Travel Board, Recreation, Grants and Debt Service Funds.

Additionally, the County reports the following fiduciary funds:

Agency Funds account for assets held by the County as an agent for individuals, private organizations and other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The County's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." The County does not have any trade accounts receivable, all other receivables are deemed collectible and an allowance for uncollectible accounts is deemed immaterial and has not been recorded. Component Unit proprietary fund receivables are recorded net of allowances as determined by each respective component unit.

Property Taxes

The property taxes of Washington County are levied, collected, and distributed by the County as required by Utah State law. Utah statutes established the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by June 22. By July 22, the County Auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the County Board of Equalization on specified dates in August for a revision of the assessed value.

Approved changes in assessed value are made by the County Auditor by November 1, who also delivers the completed assessment rolls to the County Treasurer on that same date. September 1, is the approximate levy date with a due date of November 30. Delinquent taxes are subject to 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15, of the following year, these delinquent taxes, including penalties, are subject to an interest charge at a rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid. If in May of the fifth year, the taxes remain delinquent, the County will advertise and sell the property at a tax sale. As of January 1, all unpaid property taxes are considered to have liens against the property.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the County as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Treatment facilities and improvements	40 years
Machinery and equipment	7 to 10 years
Storm drains and inlets	40 years
Streets and sidewalks	20 years
Signs	40 years

Compensated Absences

The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the County's governmental funds is recorded as an expenditure and liability in the respective funds. The long-term portion is recorded in the General Long-Term Debt Account Group. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 1. Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	\$ 25,820,000
Less: Deferred charge for issuance costs (to be amortized)	(235,147)
Less: Deferred charge on refunding (to be amortized)	(571,154)
Capital leases payable	18,400,000
Special assessment debt payable	9,958,000
Compensated absences	1,006,118
Accrued interest payable	<u>718,703</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u><u>\$ 55,096,520</u></u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 6,613,574
Depreciation expense	<u>(3,791,629)</u>
Net adjustment to increase <i>net changes in fund balance --</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ 2,821,945</u></u>

Another element of that reconciliation states that "issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (9,766,000)
Principal repayments:	
Bonds payable	1,286,000
Capital leases	568,000
Bond issue costs	<u>187,429</u>
Net adjustment to decrease <i>net changes in fund balances</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ (7,724,571)</u></u>

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The detail of this difference is as follows:

Compensated absences	\$ (27,983)
Accrued interest	(373,785)
Amortization of deferred charge on refunding and bond issuance costs	<u>(74,575)</u>
Net adjustment to decrease <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ (476,343)</u></u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the County. The use of budgets and monitoring of equity status facilitate the County's compliance with legal requirements.

The County uses the following procedures to establish, modify and control the budgetary data presented in the financial statements.

The County Commission adopts a budget for all of the County's funds except trust and agency funds. The Boards of the component units adopt their own budgets independent of the County. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. During the current fiscal year there were amendments to the budget. Procedures followed for amending the budgets were in accordance with State laws.

All Governmental Fund budgets are maintained on the modified accrual basis of accounting.

The actual results of operations are presented in accordance with GAAP.

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual reports beginning on page 46 present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2005, if any.

Deficit Fund Equity

There are no deficit fund balances as of December 31, 2005.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 4. Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The County follows the requirements of the Utah Money Management Act (*Utah code*, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of County funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The County does not have a formal policy for custodial credit risk. As of June 30, 2005, \$4,519,837 of the County's bank balance of \$4,919,837 was exposed to custodial credit risk because it was uninsured and uncollateralized. No deposits are collateralized, nor is it required by state statute.

As of June 30, 2005, \$6,471,188 of the Washington County Solid Waste Special Service District bank balance of \$6,804,012 and \$107,778 of the Ash Creek Special Service District bank balance of \$207,778 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County Treasurer by statute is also the treasurer of the Southwest Utah Public Health Department (Health Department), which is a discretely presented component unit of the County. The Health department's cash and investments are reported in the County's Agency Fund and are pooled with the County's and deposited and invested in accordance with the policies of the County.

Investments

The Money Management Act defines the types of securities authorized as appropriate investment for the County and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's, bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 4. Deposits and Investments (Continued)

corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended.

The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of December 31, 2005 the County had the following investments and maturities:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Local Government Pooled Investment Fund	\$53,216,725	\$53,216,725	\$ -	\$ -	\$ -

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 4. Deposits and Investments (Continued)

At June 30, 2005 the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Local Government Pooled Investment Fund	\$ 53,216,725	\$ 53,216,725	\$ -	\$ -	\$ -
Total Fair Value	<u>\$ 53,216,725</u>	<u>\$ 53,216,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Significant investments of discretely presented **component units** are all with the State Treasurer's Investment Pool which are categorized the same as the County PTIF above and are as follows:

	Carrying Amount	Quality Rating
Ash Creek Special Service District	\$ 5,155,689	AAA
Wash. County Solid Waste Special Svc. Dist. No. 1	\$ 5,731,398	AAA

NOTE 5. Receivables

Property taxes receivable in the governmental funds represent property taxes collected by the County and held in the Treasurer's Trust Fund at December 31, 2005. These monies were distributed to the various County funds in January 2005. Assessing and Collecting receivables are also included in taxes receivable. The County is allowed by state statute to set a tax rate to cover the costs of assessing and collecting property taxes. For 2005, the County's combined tax rate for assessing and collecting was .000320. Property taxes receivable that are shown in the Trust Funds represent accruals for property taxes collected by the County subsequent to year end through January 15, 2006.

Notes receivable that are shown on the Statement of Net Assets are amounts receivable from St. George City for payments due on the Convention Center and the Museum subleases. See Note 9.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2005, is as follows:

	Due from Other Funds reported in:		
	General Fund	Grants Fund	Payroll Trust Fund
Due to Other Funds reported in:			
General Fund	\$ -	\$ -	\$ 1,000,133
Flood Damage Fund	2,715,206	-	-
Nonmajor Special Revenue Funds:			
Library Special Revenue Fund	478,494	-	-
Council on Aging Fund	23,601	5,750	-
Recreation Fund	121,016	-	-
Grants Fund	69,396	-	-
Total Interfund Balances	<u>\$ 3,407,713</u>	<u>\$ 5,750</u>	<u>\$ 1,000,133</u>

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2005 are shown in the following table:

	Transfers out reported in:		
	General Fund	Recreation Fund	Total
Transfers in reported in:			
Debt Service Fund	\$ 253,000	\$ -	\$ 253,000
Nonmajor Special Revenue Funds:			
Travel Board Fund	-	100,000	100,000
Council on Aging Fund	325,000	-	325,000
Total Transfers	<u>\$ 578,000</u>	<u>\$ 100,000</u>	<u>\$ 678,000</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 7. Capital Assets

The following table summarizes the changes to the general fixed assets during the year ended December 31, 2005.

Governmental Activities:	Balance 12/31/2004	Additions	Deletions	Balance 12/31/2005
Capital assets, not being depreciated:				
Land	\$ 1,604,580	\$ 31,053	\$ -	\$ 1,635,633
Total capital assets, not being depreciated:	1,604,580	31,053	-	1,635,633
Capital assets, being depreciated:				
Buildings and improvements	27,253,689	31,236	(147,966)	27,136,959
Convention Center	12,344,835	-	-	12,344,835
Regional Park	4,123,992	147,966	-	4,271,958
Museum	2,279,863	-	-	2,279,863
Autos and trucks	4,842,765	1,059,102	(327,851)	5,574,016
Equipment	7,522,384	1,156,208	-	8,678,592
Furniture and fixtures	416,197	-	-	416,197
Bridges, Towers, Trails	3,008,469	16,472	-	3,024,941
Streets and sidewalks	26,240,977	-	-	26,240,977
Construction in progress	222,615	4,319,503	-	4,542,118
Total capital assets, being depreciated:	88,255,786	6,730,487	(475,817)	94,510,456
Less accumulated depreciation for:				
Buildings and improvements	(4,178,615)	(903,883)	7,079	(5,075,419)
Convention Center	(2,558,651)	(316,534)	-	(2,875,185)
Regional Park	(851,868)	(111,712)	(7,079)	(970,659)
Museum	(468,328)	(58,458)	-	(526,786)
Autos and trucks	(2,765,801)	(729,256)	274,350	(3,220,707)
Equipment	(6,573,113)	(308,455)	-	(6,881,568)
Furniture and fixtures	(270,633)	(30,598)	-	(301,231)
Bridges, Towers, Trails	(2,696,976)	(20,684)	-	(2,717,660)
Streets and sidewalks	(19,790,072)	(1,312,049)	-	(21,102,121)
Total accumulated depreciation	(40,154,057)	(3,791,629)	274,350	(43,671,336)
Total capital assets, being depreciated, net	48,101,729	2,938,858	(201,467)	50,839,120
Governmental activities capital assets, net	\$ 49,706,309	\$ 2,969,911	\$ (201,467)	\$ 52,474,753

Depreciation expense was charged to the functions/programs of the County as follows:

Governmental Activities:	
General government	\$ 736,565
Public safety	663,838
Judicial	11,582
Public works	1,661,037
Health and sanitation	176,323
Conservation and economic development	209,993
Other	332,291
Total depreciation expense - governmental activities	<u>\$ 3,791,629</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 8. Due to Taxing Districts

Due to taxing districts represents property taxes collected by the County for the various taxing districts in the County and held in the treasurer's Trust Fund at December 31, 2005. These monies were distributed in January of 2006.

NOTE 9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2005.

Governmental activities:	Balance			Balance	Current
General Obligation:	12/31/2004	Additions	Retirements	12/31/2005	Portion
Public safety G.O. bonds	\$ 855,000		\$ 415,000	\$ 440,000	\$ 440,000
Refunding G.O. bonds	7,200,000	-	85,000	7,115,000	90,000
Less deferred amounts on refunding	(623,077)	-	(51,923)	(571,154)	-
Library G.O. bonds	8,000,000	-	235,000	7,765,000	290,000
Series 2002 G.O. bonds	9,100,000		370,000	8,730,000	375,000
Capital leases (Convention)	18,290,000		535,000	17,755,000	615,000
Capital leases (Museum)	678,000		33,000	645,000	33,000
Accrued Compensated Absences	978,135	232,998	205,015	1,006,118	-
Total General Obligation	44,478,058	232,998	1,826,092	42,884,964	1,843,000
Revenue Obligation:					
Lease revenue bonds	1,930,000	-	160,000	1,770,000	170,000
Special Assessment Debt with Government Commitment:					
SID No. 2002-1 - Diamond Valley	213,000	-	21,000	192,000	21,000
SID No. 2004-1 - Dixie Springs	-	9,766,000	-	9,766,000	710,000
Total Special Assessment	213,000	9,766,000	21,000	9,958,000	731,000
Total Governmental activity long-term liabilities	\$ 46,621,058	\$ 9,998,998	\$ 2,007,092	\$ 54,612,964	\$ 2,744,000

The County issued \$7,330,000 of general obligation refunding bonds in 2004 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Public Safety G.O. Bonds. As a result, \$6,655,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$675,000. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is the same life as the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$386,069 and resulted in an economic gain of \$299,354.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 9. Long-Term Debt (Continued)

Bonds payable at December 31, 2005, consist of the following:

General Obligation:

General Obligation Public Safety Bonds, Series 1997 for the purpose of constructing a new correction facility, \$813,148 payable in 2005 and \$818,228 payable in 2006, including interest ranging from 4.6% to 6.5%. \$ 440,000

Refunding G. O. Bonds Series 2004 for the purpose of refunding Public Safety Bonds, Series 1997, payable in amounts ranging from \$327,570 to \$798,800 including interest ranging from 2% to 5%, maturing December 1, 2017. 7,115,000

G. O. Bonds Series 2003 for the purpose of constructing and/or remodeling libraries within the County, payable in amounts ranging from \$355,000 to \$715,000 plus interest ranging from 2% to 5%, maturing October 1, 2022. 8,730,000

G. O. Bonds Series 2004B for the purpose of constructing and/or remodeling libraries and the Senior Center within the County, payable in amounts ranging from \$619,750 to \$624,750 including interest ranging from 3% to 5%, maturing October 1, 2024. 7,765,000

Special Assessment:

Dixie Springs SID No. 2004-1 Special Assessment Bonds, Series 2005, payable in annual installments ranging from \$1,404,268 to \$1,405,185 including interest at 7.25%, maturing June 1, 2015. 9,766,000

Diamond Valley SID No. 2002-1 Special Assessment Bonds, Series 2003, payable in annual installments ranging from \$28,218 to \$29,731 including interest ranging from 2.0% to 4.5%, maturing May 1, 2013. 192,000

Revenue Obligation:

Lease Revenue Bonds, Series 1998, for the purpose of paying costs of building acquisitions and improvements, payable in amounts ranging from \$45,000 to \$75,000 plus interest ranging from 4% to 5.2%, maturing June 15, 2018. 1,770,000

Total Bonds Payable **\$ 35,778,000**

Debt service requirements to maturity for bonds payable are as follows:

Period Ending December 31	Principal	Interest	Total
2006	2,096,000	2,114,797	4,210,797
2007	2,105,000	1,670,630	3,775,630
2008	2,200,000	1,579,320	3,779,320
2009	2,295,000	1,480,047	3,775,047
2010	2,402,000	1,374,498	3,776,498
2011-2015	13,910,000	4,938,227	18,848,227
2016-2020	7,165,000	1,832,780	8,997,780
2021-2024	3,605,000	388,500	3,993,500
	<u>\$35,778,000</u>	<u>\$15,378,799</u>	<u>\$51,156,799</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 9. Long-Term Debt (Continued)

Capital Leases (Agency):

Convention Center and Regional Park:

The Washington County/St. George City Interlocal Agency (the Agency) and Washington County entered into a direct financing lease agreement, dated November 1, 1997, for the lease of the convention facilities constructed by the Agency. The lease term commenced on the date of delivery of the Series 1998A Bonds and ended December 31, 1998; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 24 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2022 and end on December 31, 2022). The County pays base rentals which correspond with the debt service on the Agency's \$20,290,000 Lease Revenue Bonds.

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the Indenture.

The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

Fiscal Period Ending December 31	St. George City Share	County Share	County Regional Park	Total
2006	527,809	523,262	464,894	1,515,965
2007	534,414	523,262	494,384	1,552,060
2008	534,774	523,263	526,384	1,584,421
2009	544,254	523,263	555,771	1,623,288
2010	547,176	523,263	587,259	1,657,698
2011-2015	1,638,132	5,115,151	625,493	7,378,776
2016-2020	1,843,944	6,359,470	-	8,203,414
2021-2022	979,567	2,831,281	-	3,810,848
Total remaining minimum lease payments	7,150,070	16,922,215	3,254,185	27,326,470
Less amount representing interest	2,335,070	6,712,215	524,185	9,571,470
Present value of net remaining minimum lease payments	\$ 4,815,000	\$ 10,210,000	\$ 2,730,000	\$ 17,755,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 9. Long-Term Debt (Continued)

Museum:

The Agency and Washington County entered into a direct financing lease agreement, dated May 15, 2000, for the lease of the natural museum facilities constructed by the Agency. The museum (approximately 20,000 square feet) was built as an addition to the Dixie Center. The lease term commenced on the date of delivery of the Series 2000 Bonds and ended December 31, 2000; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 19 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2020 and end on December 31, 2020). The County pays base rentals which correspond with the debt service on the Agency's \$2,968,000 Series 2000A&B and \$800,000 Series 2000C Lease Revenue Bonds. However, during 2004, the Agency received a prepayment on the lease from the Rosenbruch Foundation which was used to pay off the Series 2000A&B Bonds in full. Thus, the County's remaining lease payments will correspond to the remaining balance of the Series 2000C Bond.

Washington County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's natural museum facilities. The Agency will receive from the City sublease payments totaling \$2,516,582 over the 20 year period with annual payments ranging from \$55,140 to \$56,970. However, due to the Series 2000A&B Bond payoff mentioned above, the payments remaining on the City sub-lease will be limited to the portion applicable to the Series 2000C Bond.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the remaining Indenture. The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

Fiscal Period Ending December 31	St. George City Share	County Share	Total
2006	21,119	34,456	55,575
2007	21,440	34,980	56,420
2008	20,974	34,221	55,195
2009	21,649	35,321	56,970
2010	21,143	34,497	55,640
2011-2015	106,817	174,278	281,095
2016-2020	106,028	172,992	279,020
Total remaining minimum lease payments	319,170	520,745	839,915
Less amount representing interest	74,070	120,845	194,915
Present value of net remaining minimum lease payments	\$ 245,100	\$ 399,900	\$ 645,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 9. Long-Term Debt (Continued)

Washington County and St. George City have entered into a sub-lease agreement with the Rosenbruch Foundation, Inc. (DBA World Wildlife Heritage Foundation), whereby the Rosenbruch Foundation has leased a 100% undivided interest in the Agency's natural museum facilities. The sub-lease requires that the Rosenbruch Foundation, Inc., as sub-lessee, pay all museum sublease rentals directly to the Trustee and that such payments are assigned by the County and the City to the Trustee for the benefit of the bond holders. In the event the Rosenbruch Foundation, Inc. fails to pay all or any portion of the museum sub-lease rentals, the County and the City are obligated to pay all base rentals, subject to nonappropriation. However, Jim and MaryAnn Rosenbruch, as individuals, have executed a guaranty agreement whereby they guarantee payment of all museum sub-lease payments.

NOTE 10. Reserved and Designated Fund Equity

Reservations and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At December 31, 2005, the County's reserved and designated fund equity balances are as follows:

General Fund:

Reserved for B & C Road Funds	<u>\$ 296,184</u>
Designated for Capital Projects	<u>\$ 3,800,000</u>
Designated for Subsequent Year	<u>\$ 670,000</u>

Special Revenue Funds:

Library	\$ 25,000
Habitat Conservation Plan	4,175,860
Council on Aging	127,273
Travel Board/Transient Room Tax	794,387
Recreation/Restaurant Tax	151,235
Flood Damage	6,363
Miscellaneous Grants	<u>16,634</u>
	<u>\$ 5,296,752</u>

Debt Service Fund:

Debt Service Reserve/Lease Revenue Bond	\$ 260,546
General Obligation Bond	1,330,683
Special Assessment Bonds	<u>7,157,554</u>
	<u>\$ 8,748,783</u>

Designated for Debt Service:

Public Safety Bond	\$ 917,459
Lease Revenue Bond	<u>125,787</u>
	<u>\$ 1,043,246</u>

Capital Projects Fund:

G.O. Bond Construction Funds	<u>\$ 6,436,600</u>
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WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 11. Defined Benefit Pension Plan

Plan Description

Washington County contributes to the Local Governmental Noncontributory retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah state Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 800-365-8772.

Funding Policy

In the Local Governmental Noncontributory Retirement System the County is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers in division A, members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and the County is required to contribute 7.70%-7.95% of their annual salary and 19.08%-19.34% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the Board.

The required contributions and amounts received for the 2005 fiscal year and the two previous years are as follows:

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Contributory System:					
Local Governmental Division	2005	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	2004	0.00	0.00	0.00	0.00
	2003	0.00	0.00	0.00	0.00
Noncontributory System					
Local Governmental Division	2005	N/A	N/A	\$ 906,990.43	\$ 8,178,443.21
	2004	N/A	N/A	802,414.90	7,720,076.71
	2003	N/A	N/A	605,244.79	6,604,962.47
Public Safety System:					
Other Division A Contributory	2005	\$ 0.00	\$ 52,830.55	\$ 33,656.60	\$ 429,864.78
	2004	0.00	63,653.19	32,076.21	517,926.30
	2003	0.00	59,878.92	16,408.11	487,216.37

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 11. Defined Benefit Pension Plan (Continued)

Required contributions and amounts received for the 2005 fiscal year and the two previous years (continued):

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Defined Contribution System:					
457 Plan	2005	N/A	N/A	\$ 850,646.87	\$ 4,424,328.95
	2004	N/A	N/A	718,133.19	4,050,127.70
	2003	N/A	N/A	575,380.15	3,813,665.36
401(k) Plan	2005	\$ 76,403.65	\$ 0.00		
	2004	54,555.15	0.00		
	2003	28,778.33	0.00		
	2005	\$347,504.71	\$ 225,845.56		
	2004	289,446.00	272,341.65		
	2003	237,438.97	320,332.22		

The contributions were equal to the required contributions for each year.

The Southwest Utah District Health Department, and Washington County Solid Waste District No. 1, discretely presented component units of the County, are all members of the Utah Retirement Systems. Participation, eligibility and contribution rates and requirements are the same as the County's.

Health Department

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2005	N/A	N/A	\$ 16,879	
	2004	N/A	N/A	15,818	
	2003	N/A	N/A	21,024	
Local Governmental-Noncontributory	2005	N/A	N/A	\$ 281,512	
	2004	N/A	N/A	245,868	
	2003	N/A	N/A	210,357	
401(k) Contributions	2005	\$ 76,274	\$ 56,604	N/A	
	2004	48,788	57,552	N/A	
	2003	42,195	54,285	N/A	

The contributions were equal to the required contributions for each year.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 11. Defined Benefit Pension Plan (Continued)

Solid Waste District

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2005	0	0	0	0
	2004	0	0	0	0
	2003	0	0	0	0
Local Governmental-Noncontributory	2005	N/A	N/A	\$23,159	\$208,835
	2004	N/A	N/A	18,858	182,025
	2003	N/A	N/A	16,069	175,403
457 Contributions	2005	13,000	0	N/A	
	2004	12,220	0	N/A	
	2003	11,960	0	N/A	
401(k) Contributions	2005	7,267	3,989	N/A	
	2004	7,150	4,805	N/A	
	2003	7,138	6,734	N/A	

The contributions were equal to the required contributions for each year.

NOTE 12. Risk Management

The County is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries individual policies of insurance and joint venture protection agreements with the Utah Association of Counties Insurance Mutual. The County is insured by Utah State Workers Compensation Insurance Fund for potential job-related accidents. There were no significant reductions in insurance coverage from the previous year and the amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 13. Commitments and Contracts

Washington County/St. George City Interlocal Agency (Agency):

As discussed in Note 9, the County has entered into a direct financing lease with the Agency. Note 9 discloses the base rental payments on the lease. In addition to the base rent payments, the County will pay other costs including trustee fees, maintenance and repairs, utilities, promotion and marketing, taxes, and liability insurance.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2005

NOTE 13. Commitments and Contracts (Continued)

St. George City Sub-Lease Agreement:

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The sub-lease is associated with the County's direct financing lease described at Note 9 and above. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188 except for the portion of the Museum sublease which was paid in full by the Rosenbruch Foundation in 2003.

NOTE 14. Contingencies

The County is involved in various matters of litigation. It is the opinion of County officials that none of the cases should have a material affect on the County's financial condition.

NOTE 15. Component Unit Disclosures

Additional required disclosures of the component units are included in separately issued audited financial statements as noted in Note 1.

NOTE 16. Subsequent Events: Contingencies and Commitments

As of December 31, 2005, the County had drawn down \$6,081,525 of a total of \$25,000,000 in available State loan funds and \$6,607,675 of a total of \$66,000,000 in available U.S. Department of Agriculture grant funds for the river bank improvement project. See page 53 for a budget-to-actual statement for the Flood Damage fund. \$5,190,618 of the State loan funds have been passed on to other local governments. The County has entered into various contracts to complete the river bank improvements that will continue into 2006. As of year-end, it is not determined to what extent, if any, the State loan funds will be required to be paid back to the State and thus, they have not been recorded as a liability in these financial statements.

As of December 31, 2005, the County had completed \$2,903,775 of a total of approximately \$10 million for the Dixie Springs Special Improvement District project. This project will be completed in 2006 and deeded to Hurricane City. The Assessments receivable have been recorded as deferred revenue in accordance with GASB until the project is complete.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING FUNDS:

- The **General fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
- **Habitat Conservation Plan fund** is used to account for habitat conservation plan (HCP) fees used for habitat conservation management and capital outlay.
- **Flood Damage fund** is used to account for federal and state revenues that are legally restricted to expenditure for flood damage and river bank improvements.

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2005

REVENUES:	Budgeted Amounts		Actual Amounts	Variance Favorable
	Original	Final		(Unfavorable)
Taxes:				
Current Property Taxes	\$4,200,000	\$4,390,000	\$5,047,090	\$657,090
Fee in lieu Taxes	700,000	800,000	758,142	(41,858)
Assessing & Collecting Tax	2,290,000	2,466,000	2,574,102	108,102
Prior Years Delinquent Taxes	425,000	425,000	361,569	(63,431)
County Sales & Use Taxes	4,500,000	4,800,000	5,116,240	316,240
Penalties & Interest	360,000	360,000	306,781	(53,219)
Total Taxes	12,475,000	13,241,000	14,163,924	922,924
Licenses, Permits:				
Marriage licenses	25,000	26,000	26,180	180
Intergovernmental:				
Class "B" Roads	1,465,000	1,465,000	868,220	(596,780)
Forest Reserve	51,500	70,000	69,905	(95)
Prison Reimbursement	3,100,000	3,100,000	3,160,851	60,851
FEMA Reimbursement/Law Enforcement	30,000	110,000	79,139	(30,861)
Bailiff/Security Reimbursement	92,000	110,000	108,867	(1,133)
Total Intergovernmental	4,738,500	4,855,000	4,286,982	(568,018)
Charges for Services:				
Clerk's Fees	50,000	65,000	59,618	(5,382)
Recorder's Fees	1,000,000	1,300,000	1,336,436	36,436
Data Processing Fees	60,000	75,000	52,967	(22,033)
Jail Commissary, Phone and Medical	368,000	410,000	397,830	(12,170)
State Medical Reimbursements	170,000	120,000	121,771	1,771
Prisoner Industry and Other	173,000	237,700	195,231	(42,469)
Fuel Revenue - Other Departments	25,000	25,000	20,850	(4,150)
Total Charges for Services	1,846,000	2,232,700	2,184,703	(47,997)
Fines and Forfeitures:				
Court and Precinct Fines	1,860,000	1,530,000	1,470,142	(59,858)
Total Fines and Forfeitures	1,860,000	1,530,000	1,470,142	(59,858)
Other Revenues:				
Interest Earnings	115,000	115,000	164,319	49,319
Rent-Property	175,000	175,000	89,181	(85,819)
Sale of Property, Material & Supplies	-	121,000	120,105	(895)
Noxious Weed Revenue	-	8,000	7,363	(637)
Vending Revenue	1,000	1,000	38	(962)
Xerox Revenue	113,500	137,700	138,963	1,263
Other	86,600	412,100	263,758	(148,342)
Total Other Revenues	491,100	969,800	783,727	(186,073)
TOTAL REVENUES	\$ 21,435,600	\$ 22,854,500	\$ 22,915,658	\$ 61,158

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2005

EXPENDITURES:	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
GENERAL GOVERNMENT				
Commission:				
Salaries	\$ 275,000	\$ 275,000	\$ 262,121	12,879
Employee Benefits	105,000	105,000	100,537	4,463
Services, Supplies and Other	68,000	76,000	64,264	11,736
Capital Outlay	9,000	9,000	8,828	172
	<u>457,000</u>	<u>465,000</u>	<u>435,750</u>	<u>29,250</u>
Human Resource:				
Salaries	109,000	109,000	114,002	(5,002)
Employee Benefits	37,000	37,000	40,515	(3,515)
Services, Supplies and Other	24,900	53,400	64,110	(10,710)
Capital Outlay	18,000	18,000	4,615	13,385
	<u>188,900</u>	<u>217,400</u>	<u>223,242</u>	<u>(5,842)</u>
Info Tech Services:				
Salaries	333,500	333,500	362,280	(28,780)
Employee Benefits	125,000	125,000	128,712	(3,712)
Services, Supplies and Other	152,000	166,200	139,573	26,627
Capital Outlay	42,000	42,000	51,580	(9,580)
	<u>652,500</u>	<u>666,700</u>	<u>682,145</u>	<u>(15,445)</u>
Clerk/Auditor:				
Salaries	357,400	357,400	360,127	(2,727)
Employee Benefits	140,200	140,200	131,032	9,168
Services, Supplies and Other	59,500	60,500	48,550	11,950
Capital Outlay	10,000	10,000	2,455	7,545
	<u>567,100</u>	<u>568,100</u>	<u>542,164</u>	<u>25,936</u>
Treasurer:				
Salaries	195,000	195,000	202,801	(7,801)
Employee Benefits	84,000	84,000	81,950	2,050
Services, Supplies and Other	52,600	52,600	55,496	(2,896)
Capital Outlay	6,000	6,000	10,828	(4,828)
	<u>337,600</u>	<u>337,600</u>	<u>351,075</u>	<u>(13,475)</u>
Recorder:				
Salaries	442,000	442,000	438,369	3,631
Employee Benefits	169,600	169,600	169,880	(280)
Services, Supplies and Other	48,700	48,700	55,501	(6,801)
Capital Outlay	8,300	118,300	60,666	57,634
	<u>668,600</u>	<u>778,600</u>	<u>724,416</u>	<u>54,184</u>
Attorney:				
Salaries	1,228,200	1,228,200	1,306,239	(78,039)
Employee Benefits	449,600	449,600	464,393	(14,793)
Services, Supplies and Other	127,000	193,000	144,391	48,609
Capital Outlay	34,500	34,500	26,676	7,824
	<u>1,839,300</u>	<u>1,905,300</u>	<u>1,941,699</u>	<u>(36,399)</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2005

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Assessor:				
Salaries	1,107,000	1,107,000	1,098,661	8,339
Employee Benefits	445,000	445,000	441,623	3,377
Services, Supplies and Other	345,000	362,000	353,769	8,231
Capital Outlay	119,000	119,000	144,612	(25,612)
	<u>2,016,000</u>	<u>2,033,000</u>	<u>2,038,665</u>	<u>(5,665)</u>
Non-Departmental:				
Services, Supplies and Other	24,000	24,000	21,686	2,314
Insurance - Buildings and Vehicles	231,000	231,000	194,782	36,218
	<u>255,000</u>	<u>255,000</u>	<u>216,468</u>	<u>38,532</u>
Elections:				
Services, Supplies and Other	34,000	34,000	18,509	15,491
Capital Outlay	78,000	78,000	8,508	69,492
	<u>112,000</u>	<u>112,000</u>	<u>27,017</u>	<u>84,983</u>
Total General Government	<u>7,094,000</u>	<u>7,338,700</u>	<u>7,182,641</u>	<u>156,059</u>
JUDICIAL				
Justice of the Peace:				
Salaries	518,500	518,500	482,984	35,516
Employee Benefits	190,000	190,000	218,832	(28,832)
Services and Supplies	40,500	40,500	55,317	(14,817)
Capital Outlay	4,500	4,500	4,090	410
	<u>753,500</u>	<u>753,500</u>	<u>761,223</u>	<u>(7,723)</u>
Public Defender:				
Services, Supplies and Other	458,000	469,000	468,224	776
Total Judicial	<u>1,211,500</u>	<u>1,222,500</u>	<u>1,229,447</u>	<u>(6,947)</u>
PUBLIC SAFETY				
Public Safety/County Jail:				
Salaries	6,314,000	6,314,000	6,131,344	182,656
Employee Benefits	2,830,000	2,830,000	2,880,267	(50,267)
Services, Supplies and Other	27,300	27,300	268,188	(240,888)
Capital Outlay	622,200	700,000	672,791	27,209
	<u>9,793,500</u>	<u>9,871,300</u>	<u>9,952,590</u>	<u>(81,290)</u>
Bee Inspector:				
Services, Supplies and Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Safety	<u>9,793,500</u>	<u>9,871,300</u>	<u>9,952,590</u>	<u>(81,290)</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2005

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
PUBLIC WORKS				
Facility Maintenance:				
Administration Building	347,600	554,600	202,753	351,847
Administration Building Annex	-	-	19,743	(19,743)
Administration Building Annex #2	-	-	9,247	(9,247)
Boulevard Building	-	-	114,647	(114,647)
Courthouse Office Plaza	-	-	45,490	(45,490)
	<u>347,600</u>	<u>554,600</u>	<u>391,880</u>	<u>162,720</u>
Weed Control:				
Salaries	30,000	30,000	27,601	2,399
Employee Benefits	11,000	11,000	11,798	(798)
Services, Supplies and Other	35,900	49,900	37,318	12,582
Capital Outlay	35,000	35,000	28,414	6,586
	<u>111,900</u>	<u>125,900</u>	<u>105,131</u>	<u>20,769</u>
B&C Roads:				
Salaries	490,000	490,000	499,681	(9,681)
Employee Benefits	204,000	204,000	212,120	(8,120)
Services, Supplies and Other	608,100	1,021,600	863,248	158,352
Capital Outlay	335,000	335,000	546,685	(211,685)
	<u>1,637,100</u>	<u>2,050,600</u>	<u>2,121,734</u>	<u>(71,134)</u>
Total Public Works	<u>2,096,600</u>	<u>2,731,100</u>	<u>2,618,745</u>	<u>112,355</u>
PUBLIC HEALTH				
Health Services:				
Services, Supplies and Other	737,400	737,400	730,802	6,598
Welfare:				
Services, Supplies and Other	-	-	-	-
Total Public Health	<u>737,400</u>	<u>737,400</u>	<u>730,802</u>	<u>6,598</u>
CONSERVATION & DEVELOPMENT				
Agricultural Extension Service:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Services, Supplies and Other	132,850	132,850	130,975	1,875
Capital Outlay	3,950	3,950	3,144	806
	<u>136,800</u>	<u>136,800</u>	<u>134,119</u>	<u>2,681</u>
Contribution to Economic Development Fund	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued):				
Family, Consumer Science & 4-H Department:				
Services, Supplies and Other	-	-	-	-
Total Conservation & Development	159,800	159,800	157,119	2,681
MISCELLANEOUS				
Services, Supplies and Other	391,800	908,700	305,961	602,739
MATCHING FUNDS & CONTRIBUTIONS				
Contributions	38,000	38,000	20,250	17,750
TOTAL EXPENDITURES	21,522,600	23,007,500	22,197,555	809,945
Excess of Revenues Over Expenditures	(87,000)	(153,000)	718,103	871,103
Other Financing Sources (Uses):				
Transfer to Debt Service Fund	(253,000)	(253,000)	(253,000)	-
Transfer to Special Revenue Fund	(325,000)	(325,000)	(325,000)	-
Total Other Financing Sources (Uses):	(578,000)	(578,000)	(578,000)	-
Net Change in Fund Balance	(665,000)	(731,000)	140,103	871,103
Fund Balance, Beginning of Year	7,996,639	7,996,639	7,996,639	-
Fund Balance, End of Year	\$ 7,331,639	\$ 7,265,639	\$ 8,136,742	\$ 871,103

WASHINGTON COUNTY
Habitat Conservation Plan Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental - HCP Fees	\$ 785,000	\$ 1,500,000	\$ 2,060,145	\$ 560,145
Other Revenues:				
Interest Earnings	-	35,000	88,694	53,694
Other	-	11,000	50,883	39,883
Total Revenues	785,000	1,546,000	2,199,722	653,722
EXPENDITURES:				
Other Expenditures - HCP:				
Salaries	156,000	156,000	154,701	1,299
Employee Benefits	58,500	58,500	61,336	(2,836)
Services, Supplies and Other	293,500	1,054,500	483,701	570,799
Capital Outlay	277,000	277,000	80,126	196,874
Total Expenditures	785,000	1,546,000	779,864	766,136
Net Change in Fund Balance	-	-	1,419,858	1,419,858
Fund Balance, Beginning of Year	2,756,002	2,756,002	2,756,002	-
Fund Balance, End of Year	\$ 2,756,002	\$ 2,756,002	\$ 4,175,860	\$ 1,419,858

WASHINGTON COUNTY
Flood Damage Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
State Revenue	\$ -	\$ 25,000,000	\$ 6,081,525	\$ (18,918,475)
Federal Revenue	-	69,000,000	6,607,675	(62,392,325)
Total Intergovernmental	-	94,000,000	12,689,200	(81,310,800)
Other Revenues	-	-	720	720
Total Revenues	-	94,000,000	12,689,920	(81,310,080)
EXPENDITURES:				
Other Expenditures - Flood:				
Payments to Other Local Governments	-	28,000,000	5,190,618	22,809,382
Services, Supplies and Other	-	66,000,000	7,492,939	58,507,061
Total Expenditures	-	94,000,000	12,683,557	81,316,443
Net Change in Fund Balance	-	-	6,363	6,363
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 6,363	\$ 6,363

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

BUDGET-TO-ACTUAL

- **Debt Service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.
- **Capital projects funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The General Capital Projects fund is used to account for the construction or expansion of any project not accounted for in the other governmental funds.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- **Municipal Services fund** is used to account for sales tax revenues, fees, intergovernmental and other revenues used for providing Engineering and Surveying, GIS, Planning and Zoning, Building Inspection, Sheriff and Fire Control Services.
- **Library fund** is used to account for property taxes and other revenues used to provide and maintain the County libraries.
- **Council on Aging fund** is used to account for grants and other revenues used to provide senior nutrition and other senior citizen programs.
- **Travel Board fund** is used to account for transient room tax revenues used to promote travel within the County and assist the Washington County/St. George Interlocal Agency.
- **Recreation fund** is used to account for fees collected and used for the acquisition and construction of recreation facilities within the County.
- **Miscellaneous Grants Fund - This fund** is used to account for miscellaneous grants such as CDBG, VOCA, SCAAP, LLEBG, Drug Court, and Children's Justice Center.

WASHINGTON COUNTY
Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues	\$ 2,167,500	\$ 2,161,500	\$ 2,438,142	\$ 276,642
Other Revenues:				
Assessment Revenues	28,300	35,000	31,710	(3,290)
Interest Income	8,000	30,000	211,561	181,561
Total Revenues	<u>2,203,800</u>	<u>2,226,500</u>	<u>2,681,413</u>	<u>454,913</u>
EXPENDITURES:				
Bank and Other Fees	6,000	6,000	10,964	(4,964)
Capital Outlay	-	10,494,000	2,903,776	7,590,224
Debt Service:				
Principal, Public Safety Bond	500,000	500,000	500,000	-
Principal, Lease Revenue Bond	160,000	160,000	160,000	-
Principal, Library Bonds	634,800	655,000	605,000	50,000
Principal, Special Assessment Bond	28,300	28,300	21,000	7,300
Interest, Public Safety Bond	284,100	284,100	283,921	179
Interest, Lease Revenue Bond	92,000	92,000	88,782	3,218
Interest, Library Bond	751,600	754,100	769,750	(15,650)
Interest, Special Assessment Bond	-	-	8,309	(8,309)
Total Expenditures	<u>2,456,800</u>	<u>12,973,500</u>	<u>5,351,502</u>	<u>7,621,998</u>
Excess of Revenues Over (Under) Expenditures	<u>(253,000)</u>	<u>(10,747,000)</u>	<u>(2,670,089)</u>	<u>8,076,911</u>
Other Financing Sources (Uses):				
Operating Transfers:				
From General Fund	253,000	253,000	253,000	-
Bond Issue Costs	-	-	(187,429)	(187,429)
Debt Proceeds	-	10,494,000	9,766,000	(728,000)
Total Other Financing Sources (Uses):	<u>253,000</u>	<u>10,747,000</u>	<u>9,831,571</u>	<u>(915,429)</u>
Net Change in Fund Balance	-	-	7,161,482	7,161,482
Fund Balance, Beginning of Year	<u>2,630,547</u>	<u>2,630,547</u>	<u>2,630,547</u>	-
Fund Balance, End of Year	<u>\$ 2,630,547</u>	<u>\$ 2,630,547</u>	<u>\$ 9,792,029</u>	<u>\$ 7,161,482</u>

WASHINGTON COUNTY
Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other Revenues:				
Interest Earnings	\$ -	\$ 225,000	\$ 302,034	\$ 77,034
Miscellaneous Revenue	-	-	-	-
Total Revenues	-	225,000	302,034	77,034
EXPENDITURES:				
Debt Service	-	-	-	-
Capital Outlay:				
Buildings	6,995,000	7,340,000	1,202,027	6,137,973
Equipment	860,000	860,000	472,563	387,437
Other	-	-	11,141	(11,141)
Total Expenditures	7,855,000	8,200,000	1,685,731	6,514,269
Excess of Revenues Over (Under) Expenditures	(7,855,000)	(7,975,000)	(1,383,697)	6,591,303
Other Financing Sources (Uses):				
Transfer from General Fund	-	-	-	-
Bond Issue Costs	-	-	-	-
Debt Proceeds	-	55,000	-	(55,000)
Total Other Financing Sources (Uses)	-	55,000	-	(55,000)
Net Change in Fund Balance	(7,855,000)	(7,920,000)	(1,383,697)	6,536,303
Fund Balance, Beginning of Year	7,820,297	7,820,297	7,820,297	-
Fund Balance, End of Year	<u>\$ (34,703)</u>	<u>\$ (99,703)</u>	<u>\$ 6,436,600</u>	<u>\$ 6,536,303</u>

WASHINGTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Special Revenue Funds			
	Municipal Services	Library	Council on Aging	Travel Board
ASSETS				
Cash and Investments	\$ 537,399	\$ -	\$ -	\$ 35
Property taxes receivable	-	966,246	-	-
Assessments receivable	-	-	-	-
Due from other governments	120,384	1,100	175,941	237,604
Due from other funds	-	-	-	-
Restricted Cash	-	25,000	-	604,647
Total assets	<u>657,783</u>	<u>992,346</u>	<u>175,941</u>	<u>842,286</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	30,231	22,801	18,281	47,038
Accrued liabilities	1,581	4,318	1,036	861
Due to other funds	-	478,494	29,351	-
Deferred revenue	-	-	-	-
Total liabilities	<u>31,812</u>	<u>505,613</u>	<u>48,668</u>	<u>47,899</u>
Fund balances:				
Reserved for:				
Other Purposes	-	25,000	127,273	794,387
Unreserved, undesignated	<u>625,971</u>	<u>461,733</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>625,971</u>	<u>486,733</u>	<u>127,273</u>	<u>794,387</u>
Total liabilities & fund balance	<u>\$ 657,783</u>	<u>\$ 992,346</u>	<u>\$ 175,941</u>	<u>\$ 842,286</u>

Special Revenue Funds		Total
Recreation Fund	Grants Fund	Nonmajor Gvtl. Funds
\$ 100	\$ -	\$ 537,534
-	-	966,246
-	-	-
314,559	199,365	1,048,953
-	5,750	5,750
-	-	629,647
<u>314,659</u>	<u>205,115</u>	<u>3,188,130</u>
40,013	118,691	277,055
2,395	394	10,585
121,016	69,396	698,257
-	-	-
<u>163,424</u>	<u>188,481</u>	<u>985,897</u>
151,235	16,634	1,114,529
-	-	1,087,704
<u>151,235</u>	<u>16,634</u>	<u>2,202,233</u>
<u>\$ 314,659</u>	<u>\$ 205,115</u>	<u>\$ 3,188,130</u>

WASHINGTON COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Special Revenue Funds			
	Municipal Services	Library	Council on Aging	Travel Board
REVENUES:				
Taxes	\$ 664,018	\$ 2,408,234	\$ -	\$ 1,737,358
Licenses, permits and fees	278,387	-	-	-
Intergovernmental	1,868,173	57,403	728,587	-
Charges for services	65,262	-	58,849	-
Fines and forfeitures	-	61,706	-	-
Interest	-	-	-	14,234
Sub-lease revenue	-	-	-	-
Miscellaneous	117,489	60,885	-	36,899
Total	2,993,329	2,588,228	787,436	1,788,491
EXPENDITURES:				
General Government	240,244	-	-	-
Public Safety	2,495,105	-	-	-
Public Works	131,623	-	-	-
Health and Sanitation	-	-	1,043,069	-
Conservation and Economic Development	-	-	-	1,892,660
Culture and other	97,133	2,470,620	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total	2,964,105	2,470,620	1,043,069	1,892,660
Excess of revenues over (under) expenditures	29,224	117,608	(255,633)	(104,169)
Other financing sources (uses):				
Transfers in	-	-	325,000	100,000
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Total other financing sources (uses)	-	-	325,000	100,000
Net change in fund balances	29,224	117,608	69,367	(4,169)
Fund Balances - Beginning	596,747	369,125	57,906	798,556
Fund Balances - Ending	\$ 625,971	\$ 486,733	\$ 127,273	\$ 794,387

Special Revenue Funds		Total
Recreation Fund	Grants Fund	Non-major Gvtl. Funds
\$ 1,761,624	\$ -	\$6,571,234
-	-	278,387
-	2,396,069	5,050,232
408,856	-	532,967
-	-	61,706
10,784	-	25,018
554,110	-	554,110
-	-	215,273
<u>2,735,374</u>	<u>2,396,069</u>	<u>13,288,927</u>
-	-	240,244
-	2,403,169	4,898,274
-	-	131,623
-	-	1,043,069
916,453	8,368	2,817,481
-	-	2,567,753
568,000	-	568,000
1,002,002	-	1,002,002
<u>2,486,455</u>	<u>2,411,537</u>	<u>13,268,446</u>
<u>248,919</u>	<u>(15,468)</u>	<u>20,481</u>
-	-	425,000
(100,000)	-	(100,000)
-	-	-
<u>(100,000)</u>	<u>-</u>	<u>325,000</u>
148,919	(15,468)	345,481
2,316	32,102	1,856,752
<u>\$ 151,235</u>	<u>\$ 16,634</u>	<u>\$2,202,233</u>

WASHINGTON COUNTY
Municipal Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Sales Tax Revenue	\$ 655,000	\$ 664,018	\$ 9,018
Business Licenses and Building Permits	280,500	278,387	(2,113)
Intergovernmental Revenue:			
Federal Payments in Lieu of Taxes	1,600,000	1,590,982	(9,018)
State Mineral Lease	67,000	66,003	(997)
Sheriff Protection	390,000	211,188	(178,812)
Federal Public Safety Grant & GIS	25,000	-	(25,000)
Total Intergovernmental	<u>2,082,000</u>	<u>1,868,173</u>	<u>(213,827)</u>
Charges for Services	74,800	65,262	(9,538)
Other Revenue:			
Interest Earnings	-	-	-
Sale of Land & Equipment	70,000	18,000	(52,000)
Liquor Allocation	100	99,654	99,554
Miscellaneous	700	(165)	(865)
Total Other	<u>70,800</u>	<u>117,489</u>	<u>46,689</u>
Total Revenues	<u>3,163,100</u>	<u>2,993,329</u>	<u>(169,771)</u>
EXPENDITURES:			
General Government:			
Engineering & Surveying	-	-	-
Planning & Zoning	117,150	115,879	1,271
GIS	118,000	124,365	(6,365)
Total General Government	<u>235,150</u>	<u>240,244</u>	<u>(5,094)</u>
Public Safety:			
Sheriff	2,163,000	2,163,000	-
Fire Control	100,000	66,640	33,360
Building Inspector	260,500	265,465	(4,965)
Total Public Safety	<u>2,523,500</u>	<u>2,495,105</u>	<u>28,395</u>
Public Works	315,300	131,623	183,677
Miscellaneous Contingent	89,150	97,133	(7,983)
Total Expenditures	<u>3,163,100</u>	<u>2,964,105</u>	<u>198,995</u>
Excess of Revenues			
Over (Under) Expenditures	-	29,224	29,224
Other Financing Sources (Uses):			
Operating Transfer from General Fund	-	-	-
Net Change in Fund Balance	-	29,224	29,224
Fund Balance, Beginning of Year	596,747	596,747	-
Fund Balance, End of Year	<u>\$ 596,747</u>	<u>\$ 625,971</u>	<u>\$ 29,224</u>

WASHINGTON COUNTY
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Tax Revenues:			
Current Property Taxes	\$ 1,840,000	\$ 1,998,960	\$ 158,960
Fee Assessed Taxes	260,000	260,108	108
Prior Years Delinquent Taxes	125,000	143,072	18,072
Penalties & Interest	10,000	6,094	(3,906)
Total Taxes	<u>2,235,000</u>	<u>2,408,234</u>	<u>173,234</u>
Intergovernmental Revenue	62,000	57,403	(4,597)
Fines and Forfeitures	61,000	61,706	706
Other Revenues:			
Interest Earnings	5,000	-	(5,000)
Sale of Buildings	-	-	-
Xerox Revenue	19,000	18,744	(256)
Miscellaneous	45,000	42,141	(2,859)
Contributions	-	-	-
Total Other	<u>69,000</u>	<u>60,885</u>	<u>(8,115)</u>
Total Revenues	<u>2,427,000</u>	<u>2,588,228</u>	<u>161,228</u>
EXPENDITURES:			
Culture and other expenditures:			
St. George Library	1,083,100	1,056,306	26,794
Hurricane Library	417,500	426,637	(9,137)
Santa Clara Library	557,200	557,249	(49)
Springdale Library	103,100	98,968	4,132
Enterprise Library	75,100	60,572	14,528
New Harmony Branch	17,500	15,975	1,525
Other Branches & Misc. Grants	258,900	254,913	3,987
Total Expenditures	<u>2,512,400</u>	<u>2,470,620</u>	<u>41,780</u>
Excess of Revenues			
Over (Under) Expenditures	(85,400)	117,608	203,008
Fund Balance, Beginning of Year	<u>369,125</u>	<u>369,125</u>	-
Fund Balance, End of Year	<u>\$ 283,725</u>	<u>\$ 486,733</u>	<u>\$ 203,008</u>

WASHINGTON COUNTY
Council on Aging Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental Revenue:			
Council on Aging Contract	\$ 110,000	\$ 162,878	\$ 52,878
Nutrition Contract - St. George	316,000	315,147	(853)
Nutrition Contract - Hurricane	107,000	105,669	(1,331)
Nutrition Contract - Enterprise	62,000	57,031	(4,969)
Miscellaneous - C.O.A.	99,600	85,120	(14,480)
Miscellaneous - Transportation	3,000	2,742	(258)
Miscellaneous - CDBG	-	-	-
Charges for services	<u>14,760</u>	<u>58,849</u>	<u>44,089</u>
Total Revenues	<u>712,360</u>	<u>787,436</u>	<u>75,076</u>
EXPENDITURES:			
Health & Sanitation:			
Council on Aging - General	130,250	132,030	(1,780)
Council on Aging - St. George Center	575,260	567,535	7,725
Council on Aging - Hurricane Center	228,125	235,088	(6,963)
Council on Aging - Enterprise Center	<u>113,725</u>	<u>108,416</u>	<u>5,309</u>
Total Expenditures	<u>1,047,360</u>	<u>1,043,069</u>	<u>4,291</u>
Excess of Revenues Over (Under) Expenditures	(335,000)	(255,633)	79,367
Other Financing Sources (Uses):			
Operating Transfers in: From General Fund	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Net Change in Fund Balance	(10,000)	69,367	79,367
Fund Balance, Beginning of Year	<u>57,906</u>	<u>57,906</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 47,906</u>	<u>\$ 127,273</u>	<u>\$ 79,367</u>

WASHINGTON COUNTY
Travel Board Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Tax Revenues:			
Transient Room Taxes	\$ 1,800,000	\$ 1,737,358	\$ (62,642)
Other Revenues:			
Interest Earnings	-	14,234	14,234
Other	50,000	36,899	(13,101)
Total Revenues	<u>1,850,000</u>	<u>1,788,491</u>	<u>(61,509)</u>
 EXPENDITURES:			
Conservation & Economic Development:			
Travel Board:			
Salaries	217,000	230,786	(13,786)
Employee Benefits	88,800	92,774	(3,974)
Services, Supplies and Other	1,556,600	1,387,724	168,876
Capital Outlay	150,000	181,376	(31,376)
Total Expenditures	<u>2,012,400</u>	<u>1,892,660</u>	<u>119,740</u>
Excess of Revenues			
Over (Under) Expenditures	(162,400)	(104,169)	58,231
 Other Financing Sources (Uses):			
Operating Transfers:			
From Recreation Special Revenue Fund	100,000	100,000	-
 Net Change in Fund Balance	(62,400)	(4,169)	58,231
 Fund Balance, Beginning of Year	<u>798,556</u>	<u>798,556</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 736,156</u>	<u>\$ 794,387</u>	<u>\$ 58,231</u>

WASHINGTON COUNTY
Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Tax Revenues:			
Restaurant Food Tax	\$ 1,425,000	\$ 1,498,948	\$ 73,948
Leasing Sales Tax	200,000	262,676	62,676
Total Taxes	1,625,000	1,761,624	136,624
Charges for Services:			
County Fair	77,300	71,334	(5,966)
Regional Park	338,500	337,522	(978)
Total Charges for Services	415,800	408,856	(6,944)
Other Revenues:			
Interest Earnings	3,000	10,784	7,784
Sub-lease Revenue	-	554,110	554,110
Total Revenues	2,043,800	2,735,374	691,574
EXPENDITURES:			
Conservation & Economic Development:			
Regional Park Facility	739,500	757,692	(18,192)
County Fair	129,000	128,661	339
T.V. Operations	1,000	100	900
Convention Center Operations	440,400	-	440,400
Dixie College Eccles Fine Arts Center	30,000	30,000	-
Debt Service			
Principal	426,000	568,000	(142,000)
Interest	177,900	1,002,002	(824,102)
Total Expenditures	1,943,800	2,486,455	(542,655)
Excess of Revenues			
Over (Under) Expenditures	100,000	248,919	148,919
Other Financing Sources (Uses):			
Operating Transfers:			
To Travel Board Special Revenue Fund	(100,000)	(100,000)	-
Net Change in Fund Balance	-	148,919	148,919
Fund Balance, Beginning of Year	2,316	2,316	-
Fund Balance, End of Year	<u>\$ 2,316</u>	<u>\$ 151,235</u>	<u>\$ 148,919</u>

WASHINGTON COUNTY
Miscellaneous Grants Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental Revenues:			
CDBG Grants	\$ 20,000	\$ -	\$ (20,000)
LLEBG/SCAAP	50,000	16,032	(33,968)
AG-Children's Justice Center	170,800	152,067	(18,733)
Children's Safety Council	20,000	1,125	(18,875)
Drug Court	354,500	307,387	(47,113)
WMD and Emergency OPS Grants	1,925,400	1,894,581	(30,819)
Other Grants	40,000	24,877	(15,123)
Total Revenues	<u>2,580,700</u>	<u>2,396,069</u>	<u>(184,631)</u>
EXPENDITURES:			
Public Safety:			
LLEBG/SCAAP	50,000	34,009	15,991
AG-Children's Justice Center	170,800	165,797	5,003
WMD - Emergency Operations	1,950,400	1,871,667	78,733
Children's Safety Council	20,000	1,448	18,552
Drug Court	354,500	330,248	24,252
Total Public Safety	<u>2,545,700</u>	<u>2,403,169</u>	<u>142,531</u>
Conservation & Economic Development:			
CDBG	20,000	5,088	14,912
Predator Control	9,000	3,280	5,720
Extension Grant	6,000	-	6,000
Total Conservation & Economic Devel.	<u>35,000</u>	<u>8,368</u>	<u>26,632</u>
Total Expenditures	<u>2,580,700</u>	<u>2,411,537</u>	<u>169,163</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	(15,468)	(15,468)
Fund Balance, Beginning of Year	<u>32,102</u>	<u>32,102</u>	-
Fund Balance, End of Year	<u>\$ 32,102</u>	<u>\$ 16,634</u>	<u>\$ (15,468)</u>

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Fiduciary Funds Trust and Agency

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as propriety funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

- **Tax Collection Trust fund** is an agency fund which accounts for all collections and disbursements of taxes for the county.
- **Deposit Fund fund** is an agency fund which accounts for miscellaneous court funds, surcharges, 4-H, Treasurer and other custodial accounts.
- **Payroll Trust fund** is an internal service type agency fund used to account for the County's payroll and self-insurance.
- **Health Department fund** is used as an agency fund for the Health Department.
- **Economic Development Council fund** is used as an agency fund for the Economic Development Council.

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2005

	Balance 12/31/2004	Additions	Deductions	Balance 12/31/2005
TAX COLLECTION TRUST FUND:				
Assets:				
Cash & Investments	\$ 21,393,019	\$ 90,464,071	\$ 81,219,781	\$ 30,637,309
Due from Other Governments	-	-	-	-
Property Taxes Receivable	1,417,167	602,001	1,417,167	602,001
Total Assets	<u>\$ 22,810,186</u>	<u>\$ 91,066,072</u>	<u>\$ 82,636,948</u>	<u>\$ 31,239,310</u>
Liabilities:				
Deposits Held in Trust	\$ 63,480	\$ 138,410	\$ 208,655	(6,765)
Due to Taxing Districts	13,196,761	74,130,053	60,985,131	26,341,683
Due to Washington Co. General Fund	5,831,248	8,407,513	11,387,129	2,851,632
Due to Other Funds	3,718,697	5,122,538	6,788,475	2,052,760
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 22,810,186</u>	<u>\$ 87,798,514</u>	<u>\$ 79,369,390</u>	<u>\$ 31,239,310</u>
DEPOSIT FUND:				
Assets:				
Cash & Investments	\$ 626,117	\$ 12,125,825	\$ 11,585,225	\$ 1,166,717
Other Receivables	-	-	-	-
Total Assets	<u>\$ 626,117</u>	<u>\$ 12,125,825</u>	<u>\$ 11,585,225</u>	<u>\$ 1,166,717</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 626,117</u>	<u>\$ 12,125,825</u>	<u>\$ 11,585,225</u>	<u>\$ 1,166,717</u>
PAYROLL TRUST FUND:				
Assets:				
Cash & Investments	\$ -	\$ 20,918,217	\$ 20,764,929	\$ 153,288
Other Receivables	-	-	-	-
Due from Other Funds	676,838	1,000,133	676,838	1,000,133
Total Assets	<u>\$ 676,838</u>	<u>\$ 21,918,350</u>	<u>\$ 21,441,767</u>	<u>\$ 1,153,421</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 676,838</u>	<u>\$ 21,918,350</u>	<u>\$ 21,441,767</u>	<u>\$ 1,153,421</u>
HEALTH DEPARTMENT:				
Assets:				
Cash & Investments	\$ 271,656	\$ 5,348,025	\$ 5,348,153	\$ 271,528
Other Receivables	-	-	-	-
Total Assets	<u>\$ 271,656</u>	<u>\$ 5,348,025</u>	<u>\$ 5,348,153</u>	<u>\$ 271,528</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 271,656</u>	<u>\$ 5,348,025</u>	<u>\$ 5,348,153</u>	<u>\$ 271,528</u>

(Continued)

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)
For the Year Ended December 31, 2005

	Balance 12/31/2004	Additions	Deductions	Balance 12/31/2005
ECONOMIC DEVELOPMENT COUNCIL:				
Assets:				
Cash & Investments	\$ 192,168	\$ 241,836	\$ 159,196	\$ 274,808
Other Receivables	-	-	-	-
Total Assets	<u>\$ 192,168</u>	<u>\$ 241,836</u>	<u>\$ 159,196</u>	<u>\$ 274,808</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 192,168</u>	<u>\$ 241,836</u>	<u>\$ 159,196</u>	<u>\$ 274,808</u>
TOTAL - ALL TRUST AND AGENCY FUNDS:				
Assets:				
Cash & Investments	\$ 22,482,960	\$ 129,097,974	\$ 119,077,284	\$ 32,503,650
Due from Other Governments	-	-	-	-
Property Taxes Receivable	1,417,167	602,001	1,417,167	602,001
Due from Other Funds	676,838	1,000,133	676,838	1,000,133
Other Receivables	-	-	-	-
Total Assets	<u>\$ 24,576,965</u>	<u>\$ 130,700,108</u>	<u>\$ 121,171,289</u>	<u>\$ 34,105,784</u>
Liabilities:				
Deposits Held in Trust	\$ 1,830,259	\$ 39,772,446	\$ 38,742,996	\$ 2,859,709
Due to Taxing Districts	13,196,761	74,130,053	60,985,131	26,341,683
Due to Washington Co. General Fund	5,831,248	8,407,513	11,387,129	2,851,632
Due to Other Funds	3,718,697	5,122,538	6,788,475	2,052,760
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 24,576,965</u>	<u>\$ 127,432,550</u>	<u>\$ 117,903,731</u>	<u>\$ 34,105,784</u>

OTHER SCHEDULES

- **Tax Collection Agency Fund – Cash Receipts and Disbursements**

This schedule reports the cash receipted and disbursed by the County's Tax Collection Agency Fund during the year. It provides detail for each taxing authority within the County.

- **Statement of Taxes Charged and Collected**

This schedule reports various tax related information including, total taxable value, current tax rates, total taxes charged, and total taxes collected during the year for each taxing authority within the County.

WASHINGTON COUNTY
Tax Collection Agency Fund
Cash Receipts and Disbursements
For the Year Ended December 31, 2005

	Treasurer's Balance 12/31/2004	Tax Collection Receipts	Current Year's Taxes & Interest Apportioned	Prior Year's Taxes & Interest Apportioned	Disburse- ments	Treasurer's Balance 12/31/2005
Tax Collection Amounts:						
Current Taxes	\$ -	\$78,857,033	\$ (78,857,033)	\$ -	\$ -	\$ -
Prior Year's Redemptions	-	8,632,979	-	(8,632,979)	-	-
Over Collected & Double Pmts	-	352,256	-	-	352,256	-
Penalties & Interest	-	170,092	(16,981)	(153,111)	-	-
Other Collections	63,480	138,410	-	-	208,655	(6,765)
Total	\$ 63,480	\$88,150,770	\$ (78,874,014)	\$ (8,786,090)	\$ 560,911	\$ (6,765)
Tax Units:						
Library Operating Fund	\$ 1,623,803		\$ 2,104,446	\$ 243,383	\$ 3,029,984	\$ 941,648
School district	9,619,844		47,619,089	5,278,153	42,350,660	20,166,426
Water Conservancy District	1,292,483		7,550,666	709,597	6,449,987	3,102,759
Assessing & Collecting	1,853,997		2,481,651	273,575	3,500,894	1,108,329
General Fund	3,977,251		4,962,559	689,728	7,886,235	1,743,303
County G.O. Bond	2,094,894		2,503,283	271,426	3,758,491	1,111,112
Special Service Districts:						
Rockville/Springdale	11,409		32,738	6,983	37,353	13,777
Southwest Mosquito SSD	56,020		268,762	27,928	255,463	97,247
Southwestern SSD	10,316		80,460	5,098	65,015	30,859
Smithsonian SSD	8,509		792	4,818	14,119	-
Leeds Area SSD	20,115		92,393	7,634	84,403	35,739
New Harmony SSD	12,047		126,236	9,853	63,223	84,913
Cities & Towns:						
Enterprise	17,834		86,518	5,568	77,908	32,012
Hildale	47,666		63,986	41,511	132,795	20,368
Hurricane	206,045		899,111	191,323	1,382,694	(86,215)
Ivins	101,263		602,542	58,358	540,106	222,057
LaVerkin	35,877		234,583	28,270	206,888	91,842
Leeds	10,892		47,291	2,911	43,492	17,602
New Harmony	6,780		24,302	3,032	36,591	(2,477)
St. George	1,461,584		7,194,270	760,508	7,683,782	1,732,580
Santa Clara	57,513		370,121	27,032	317,808	136,858
Springdale	12,685		33,746	8,923	42,883	12,471
Toquerville	8,442		40,579	6,719	31,245	24,495
Virgin	6,175		31,970	5,608	29,341	14,412
Washington	166,327		1,047,453	106,293	919,418	400,655
Rockville	9,405		42,569	4,044	30,566	25,452
Apple Valley	-		33,716	11	14,924	18,803
Coral Canyon SID	17,530		298,182	7,803	174,469	149,046
Total Due Units	\$22,746,706		\$ 78,874,014	\$ 8,786,090	\$79,160,737	\$31,246,073
Total	\$22,810,186	\$88,150,770			\$79,721,648	\$31,239,308

WASHINGTON COUNTY

Statement of Taxes Charged and Collected December 31, 2005

TAXABLE VALUE OF PROPERTY

	Year-End Value (After BOE)	Centrally - Assessed Value	RDA Value	Adjusted Real & Centrally Assessed Value	Year End Personal Property Value	Total Adjusted Value
Library Operations	\$ 6,846,141,260	\$ 345,492,684	\$ (181,053,852)	\$ 7,010,580,092	\$ 273,269,065	\$ 7,283,849,157
School District	6,846,141,260	345,492,684	(181,053,852)	7,010,580,092	273,269,065	7,283,849,157
Water Conservancy District	6,846,141,260	345,492,684	(181,053,852)	7,010,580,092	273,269,065	7,283,849,157
Assessing & Collecting:						
Local	6,846,141,260	345,492,684	(181,053,852)	7,010,580,092	273,269,065	7,283,849,157
State	6,846,141,260	345,492,684	(181,053,852)	7,010,580,092	273,269,065	7,283,849,157
General Fund	6,846,141,260	345,492,684	(181,053,852)	7,010,580,092	273,269,065	7,283,849,157
County G.O. Bond	6,846,141,260	345,492,684	(181,053,852)	7,010,580,092	273,269,065	7,283,849,157
Rockville/Springdale	105,317,750	2,561,603	-	107,879,353	3,158,049	111,037,402
Southwest Mosquito SSD	6,710,734,655	339,886,430	(181,053,852)	6,869,567,233	270,317,226	7,139,884,459
Southwestern SSD	86,343,655	1,236,846	-	87,580,501	175,606	87,756,107
Smithsonian SSD	26,873,800	1,544,158	-	28,417,958	237,872	28,655,830
Leeds Area SSD	67,435,625	2,207,951	-	69,643,576	536,052	70,179,628
New Harmony Fire	75,273,350	1,374,735	-	76,648,085	358,389	77,006,474
Coral Canyon	97,857,470	298,753	-	98,156,223	811,084	98,967,307
Enterprise	33,840,635	1,114,090	-	34,954,725	490,410	35,445,135
Hildale	32,125,515	688,045	-	32,813,560	3,486,699	36,300,259
Hurricane	507,579,935	11,952,777	(94,887,080)	424,645,632	31,452,961	456,098,593
Ivins	404,727,595	3,583,588	-	408,311,183	5,475,336	413,786,519
LaVerkin	103,531,025	5,091,190	-	108,622,215	5,466,974	114,089,189
Leeds	50,222,380	1,232,737	-	51,455,117	534,552	51,989,669
New Harmony	8,734,710	456,493	-	9,191,203	212,550	9,403,753
St. George	4,005,017,560	90,664,550	(86,166,772)	4,009,515,338	186,773,505	4,196,288,843
Santa Clara	223,866,405	2,654,089	-	226,520,494	1,721,938	228,242,432
Springdale	87,178,375	1,537,076	-	88,715,451	2,758,646	91,474,097
Toquerville	48,228,230	4,069,178	-	52,297,408	193,193	52,490,601
Virgin	19,834,790	986,372	-	20,821,162	392,652	21,213,814
Washington	747,045,530	16,843,312	-	763,888,842	23,743,904	787,632,746
Rockville	18,139,375	1,024,527	-	19,163,902	399,403	19,563,305
Apple Valley	24,678,110	-	-	24,678,110	-	24,678,110

Totals

Current Year Real & Cent. Assessed Tax Rate	Prior Year Personal Property Tax Rate	Total Property Taxes Charged	Personal Property Taxes Charged	Total Taxes Charged
0.000269	0.000302	\$1,885,846	\$82,527	\$1,968,373
0.006131	0.006675	42,981,867	1,824,071	44,805,938
0.001000	0.000894	7,010,580	244,303	7,254,883
0.000147	0.000165	1,030,555	45,089	1,075,644
0.000173	0.000180	1,212,830	49,188	1,262,018
0.000640	0.000720	4,486,771	196,754	4,683,525
0.000315	0.000394	2,208,333	107,668	2,316,001
0.000312	0.000327	33,658	1,033	34,691
0.000035	0.000040	240,435	10,813	251,248
0.000806	0.000786	70,590	138	70,728
0.000000	0.001164	-	277	277
0.001243	0.001294	86,567	694	87,261
0.000786	0.000800	60,245	287	60,532
0.003000	0.003000	294,469	2,433	296,902
0.002008	0.002220	70,189	1,089	71,278
0.002103	0.002130	69,007	7,427	76,434
0.001821	0.002105	773,280	66,208	839,488
0.001413	0.001413	576,944	7,737	584,681
0.001893	0.002105	205,622	11,508	217,130
0.000879	0.000906	45,229	484	45,713
0.001957	0.002150	17,987	457	18,444
0.001644	0.001843	6,591,643	344,224	6,935,867
0.001398	0.001576	316,676	2,714	319,390
0.000432	0.000444	38,325	1,225	39,550
0.000727	0.000853	38,020	165	38,185
0.001481	0.001521	30,836	597	31,433
0.001252	0.001405	956,389	33,360	989,749
0.001309	0.001488	25,086	594	25,680
0.001583	0.000000	39,065	-	39,065
		<u>\$71,397,044</u>	<u>\$3,043,064</u>	<u>\$74,440,108</u>

(Continued)

WASHINGTON COUNTY

Statement of Taxes Charged and Collected (Continued) December 31, 2005

	TREASURER'S RELIEF				CURRENT YEAR ACTUAL	
	Unpaid Taxes	Abatements	Other	Total Relief	Taxes Collected	Collection Rate
Library Operations	\$ 97,432	\$ 24,871	\$ 971	\$ 123,274	\$1,845,099	93.74%
School District	2,220,058	566,853	22,032	2,808,943	41,996,995	93.73%
Water Conservancy District	361,526	92,457	3,502	457,485	6,797,398	93.69%
Assessing & Collecting:						
Local	53,243	13,591	531	67,365	1,008,279	93.74%
State	62,618	15,995	618	79,231	1,182,787	93.72%
General Fund	231,818	59,172	36,361	327,351	4,356,174	93.01%
County G.O. Bond	114,214	29,124	1,156	144,494	2,171,507	93.76%
Rockville/Springdale	2,633	103	831	3,567	31,124	89.72%
Southwest Mosquito SSD	12,300	3,202	121	15,623	235,625	93.78%
Southwestern SSD	2,968	994	-	3,962	66,766	94.40%
Smithsonian SSD	-	-	-	-	277	100.00%
Leeds Area SSD	5,580	1,061	-	6,641	80,620	92.39%
New Harmony Fire	3,824	1,253	-	5,077	55,455	91.61%
Coral Canyon	9,283	1,110	-	10,393	286,509	96.50%
Enterprise	2,875	1,483	416	4,774	66,504	93.30%
Hildale	41,290	109	55	41,454	34,980	45.76%
Hurricane	60,396	14,870	24,965	100,231	739,257	88.06%
Ivins	28,151	7,994	8,574	44,719	539,962	92.35%
LaVerkin	13,868	6,000	4,363	24,231	192,899	88.84%
Leeds	3,213	599	2,841	6,653	39,060	85.45%
New Harmony	417	390	2,276	3,083	15,361	83.28%
St. George	298,024	88,923	203,944	590,891	6,344,976	91.48%
Santa Clara	10,090	3,958	6,040	20,088	299,302	93.71%
Springdale	3,298	35	4,660	7,993	31,557	79.79%
Toquerville	2,346	651	2,156	5,153	33,032	86.51%
Virgin	3,581	818	3	4,402	27,031	86.00%
Washington	42,669	10,945	25,766	79,380	910,369	91.98%
Rockville	1,053	326	-	1,379	24,301	94.63%
Apple Valley	4,581	776	-	5,357	33,708	86.29%
Totals	\$3,693,349	\$947,663	\$352,182	\$4,993,194	\$69,446,914	

OTHER COLLECTIONS

Fee in Lieu	Miscellaneous Collections	Delinquent Tax Collected	Interest & Penalty Collected
\$ 258,898	\$ 71,994	\$ 241,844	\$ 1,988
5,611,825	1,639,148	5,246,177	42,245
751,606	266,480	705,328	5,931
138,719	39,325	129,932	1,040
151,330	46,215	141,970	1,169
605,320	171,318	581,359	109,434
331,245	84,209	270,447	1,510
1,606	265	6,938	53
33,079	8,988	27,827	159
13,678	774	5,024	90
515	256	4,743	75
11,753	1,216	7,581	73
70,767	751	9,780	87
11,603	5,628	7,765	108
19,998	284	5,492	92
28,997	258	40,029	1,491
159,673	193,910	193,609	(2,105)
62,448	4,612	58,034	456
41,637	2,038	27,940	377
8,221	379	2,916	5
8,937	101	2,936	100
847,743	198,260	757,544	4,515
70,746	4,784	26,859	246
2,181	325	8,862	69
7,539	6,908	6,698	29
4,932	3,000	5,565	50
136,861	9,614	105,742	774
18,262	126	4,038	12
-	641	-	19
<u>\$9,410,119</u>	<u>\$2,761,807</u>	<u>\$8,632,979</u>	<u>\$170,092</u>

FEDERAL AND STATE REPORTS



KEMP BURDICK

KEMP BURDICK HINTON & HALL, L.C.

CPA'S & ADVISORS

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT COX
BRENT R. HALL
KENNETH A. HINTON
GREGORY A. KEMP
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

Honorable County Commission
Washington County
St. George, Utah

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, as of and for the year ended December 31, 2005, and have issued our report thereon dated August 9, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Washington County in a separate letter dated August 28, 2006.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as item 05-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of the County in a separate letter dated August 28, 2006.

This report is intended solely for the information and use of the County Commission, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
August 9, 2006



KEMP BURDICK

KEMP BURDICK HINTON & HALL LC.

CPA'S & ADVISORS

**Independent Auditors' Report on
State Legal Compliance**

Honorable County Commission
Washington County
St. George, Utah

MEMBERS:
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT COX
BRENT R. HALL
KENNETH A. HINTON
GREGORY A. KEMP
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

We have audited the basic financial statements of Washington County for the year ended December 31, 2005, and have issued our report thereon dated August 9, 2006. As part of our audit, we have audited Washington County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (Tax Commission)
Adult Services - Alternatives Program (Department of Human Services)
Disaster Loan Program (Department of Public Safety – Division of Emergency Services)

Our audit also included test work on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
Justice Courts Compliance
B & C Road Funds
Other General Compliance Issues
Department of Commerce
Statement of Taxes Charged, Collected and Disbursed
Assessing and Collecting Property Taxes
Transient Room Tax
Impact Fees and Other Development Fees
Asset Forfeitures

The management of Washington County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in our schedule of findings and recommendations dated August 28, 2006. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Washington County complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.

August 9, 2006



WASHINGTON COUNTY CLERK/AUDITOR

197 East Tabernacle ♦ St George, Utah 84770

Telephone: (435) 634-5712 ♦ Fax: (435) 634-5763

E-mail: crobison@washco.state.ut.us

CALVIN R. ROBISON

County Clerk/Auditor

MANAGEMENT LETTER RESPONSE

State of Utah

Office of the State Auditor

211 State Capitol

Salt Lake City, Utah 84114

MacRay A Curtis, CPA

Director, Local Government Division

In response to the Management Letter written for the 2005 Audit by our independent auditors, Kemp, Burdick, Hinton & Hall, L.C., and in compliance with reporting requirements of the Utah State law, the following comments are respectfully submitted.

Current Year Findings and Recommendations:

05-1 Tax Trust Fund

The Treasurer's office is currently in the process of reassessing its' accounting and cash receipting system for the tax trust fund. They are taking the necessary steps to assure a smooth transition to a new system should that be the case. Reconciliations are being caught up and will be done in a timely manner in the future.

05-2 Fraud Risk Management Program

The County Personnel Manual does address Employee Discipline which, among other items, covers that of Dishonesty, Misuse of public property, and Misappropriation of property. This was formally adopted about 4 years ago. We currently require the odometer reading to be included when using the gas card. Equipment may need to be upgraded in order to control this omission. The recommendation of developing a fraud risk management program will be discussed and considered. This would be a good topic to address with County Auditors in our next Association of Counties meeting.

05-3 Cash Disbursements

Washington County by Ordinance 2003-837-O has established procedures as well as exceptions that complies with this audit finding. Additional emphasis will be made to highlight the importance and benefits of following this Ordinance. Safeguards have been put into place by limiting dollar amounts and types of purchases that each card can access. Also when the invoice does not clearly indicate the purpose of the purchase, the holder is required to hand write on the invoice the who, what, and why for proper documentation. This also is being emphasis to management who signs all statements.

05-4 Tax Distributions - Compliance

The recently appointed Treasurer has committed his office to disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of the following month in accordance with UC 59-2-1365.

05-5 Auto Allowances - Compliance

Two employees have been receiving a fixed amount monthly for automobile expense. An IRS Form 1099 has been issued at the end of each year for that expense. Because of the question on federal wage regulations, both employees will be receiving this through the payroll system this coming year.

Prior Year Recommendations Reissued:

04-2 Adopted Budget

Washington County agrees with this recommendation and will comply by not including budgeted items for both the Dixie Center and the Southwest Mosquito Abatement District as well as any other contracted entities that may be assisted in the future.

04-3 Assessing and Collecting

Allocation methods will be established in order to properly charge all expenses to the Assessing and Collection Fund. This past year has been a learning curve but supportable allocation is possible and will be done.

00-1. Budgetary Compliance

Improvement has been noted that most departments are doing very well in monitoring their budgets. The County's accounting system is being changed this year and should make it easier for management of this ongoing compliance issue. Also, the County is now utilizing encumbrance accounting. This has assisted greatly with only minor infractions in over spending in most departmental budgets.

Respectfully Submitted,



Calvin R Robison, CPA
Washington County Clerk/Auditor
September 4, 2006

cc: Washington County Commissioners
Kemp, Burdick, Hinton & Hall, L.C.



HINTON BURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

Findings and Recommendations

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

Honorable County Commission
Washington County
St. George, Utah

Gentlemen:

In planning and performing our audit of the financial statements of Washington County for the fiscal year ended December 31, 2005, we noted improvements in the County's system of controls and accounting procedures. However, we noted the following circumstances that, if improved, would strengthen the County's accounting system and control over its assets and State Compliance. These items are discussed below for your consideration.

Current Year Findings and Recommendations:

05-1. Tax Trust Fund

The County was in the process of converting accounting systems and cash receipting systems for the Tax Trust Fund during part of calendar year 2005 and continues to be in the process of converting the accounting system and integrating the cash receipting system. Also, subsequent to the 2005 year-end, there was a period of time when the Treasurer position was vacant. This created additional workloads for specific employees in the Treasurer's department and created a situation which resulted in untimely bank reconciliations and difficulties in producing detailed information for tax collections and distributions.

Recommendations

The County Treasurer position has now been filled and we understand that the County is reassessing the accounting system and cash receipting system for the Tax Trust fund. We recommend that the County emphasize the importance and urgency of this process and take the steps necessary to ensure a timely transition and ensure that detailed records are maintained and that amounts due to taxing districts be reconciled as necessary. This may require additional time to be invested by someone other than those individuals who maintain the day to day operations of the Treasurer's Department.

05-2. Fraud Risk Management Program

The County has apparently not formally developed a fraud risk management program that is appropriate for the size and complexity of the County, including identifying fraud risks and taking appropriate action to reduce or eliminate the risks. For example, we were requested to review the County's gas card invoices by the internal-audit department.

Our review revealed that some County employees are not properly entering odometer readings when purchasing gas and that the system allows the users to still buy gas without the correct odometer reading. We also noted a gas card that was specified for unleaded gas was used to purchase diesel gas on at least two occasions. Without some type of control or requirement for the use of proper odometer readings and monitoring the miles per gallon, it will be difficult for the County to control the potential abuse of gas purchases. There may also be other areas within the County for potential abuse.

Recommendations

We recommend that the County formally develop and adopt a fraud risk management program that is appropriate for the size and complexity of the County, including identifying fraud risks and taking appropriate action to reduce or eliminate the risks. The program should include a review of the gas card system and implementation of some type of controls over the usage and monitoring of gas purchases.

05-3. Cash Disbursements

The County has established procedures for the use of purchase orders and documenting the purpose of credit card purchases; however, we noted several purchase orders that were written after invoice dates for the associated purchase. We also noted at least one invoice that was over \$15,000 that did not have a purchase order in the vendor file. We also noted a lack of adequate descriptions for business purpose on various credit card payments.

Recommendations

We recommend that the County adhere to its purchasing policies and establish procedures to ensure that purchase orders are used in a timely manner and for all purchases over the set amount in order to manage the budget and expenditure of funds before funds are expended. We also recommend that departments and/or employees be required to document the purpose of credit card purchases in order to provide more control over this type of cash disbursement.

05-4. Tax Distributions - Compliance

The County Treasurer must disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of each month in accordance with UC 59-2-1365. We noted that there were some collections that were not distributed timely for the 2005 tax collections.

Recommendations

We recommend that the County Treasurer disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of each month in accordance with UC 59-2-1365.

05-5. Auto Allowances - Compliance

We noted an auto allowance paid to an employee on a monthly basis for a flat amount that was coded to travel expense and did not appear to be included in wages. This appears to be a non-accountable plan and thus should potentially be included in wages.

Recommendations

We recommend that the County research its policy for auto allowances and ensure that it is in compliance with federal wage laws and regulations.

Prior Year Findings and Recommendations Reissued:

04-2. Adopted Budget

We noted that the County's adopted budget and resolution included budget line items for the "Dixie Center" and the Southwest Mosquito Abatement District. These are separate legal entities and thus, these budgets are approved and adopted by the respective boards of the Washington County/St. George City Inter-local Agency and the Southwest Mosquito Abatement District.

Recommendations

We understand that the County has contracted with these entities to perform accounting and other related services; however, we recommend that the County properly omit these budget line items from future County budgets.

04-3. Assessing and Collecting

Every county is required to separately account for assessing and collecting (A&C) funds. Further, each county is required to spend such funds only on functions related to the valuation of property, the establishment and maintenance of uniform assessment levels; and the efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes. We noted that the County's Assessing and Collecting revenues for 2004 and 2005 exceeded allowable expenditures as documented (net of recorder's fees) by \$163,837 and \$478,059 respectively.

Direct charges to this function originate in certain county departments which deal with Assessing and Collecting, i.e., assessor, treasurer, and auditor. Since those departments usually perform a variety of duties, only a supportable allocation of their costs should be made to the A&C function. Related indirect costs; i.e., building maintenance, utility costs, and personnel costs, may also be allocated to this function. However, it appears that the County has not allocated any indirect costs.

Recommendations

We recommend that the County establish procedures to ensure that all assessing and collecting costs are properly considered for allocation to assessing and collecting and that procedures be established to ensure that assessments for Assessing and Collecting are not in excess of allowable costs.

00-1. State Finding - Budgetary Compliance - Exceeding Budget Appropriations

The Fiscal Procedures Act for Utah Counties requires Counties to restrict expenditures to the authorized department budget. The "Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual" identifies the departments which have over-expended budget amounts.

Recommendations

We recommend that the County operate within the confines of State law by limiting expenditures or following proper procedures to adjust the departmental budgets.

This report is intended solely for the information and use of the County Commission, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. It has been a pleasure to be of service to the County this past year. We would like to express special thanks to all those who assisted us in this year's audit. We invite you to ask questions of us throughout the year and we look forward to a continued professional relationship.

Sincerely,

Kemp, Burdick, Hinton & Hall, L.C.
KEMP, BURDICK, HINTON & HALL, L.C.
August 28, 2006